TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1939

No. 565

PHILIP HURN AND PERCY MORGAN, JR.,
PETITIONERS,

vs.

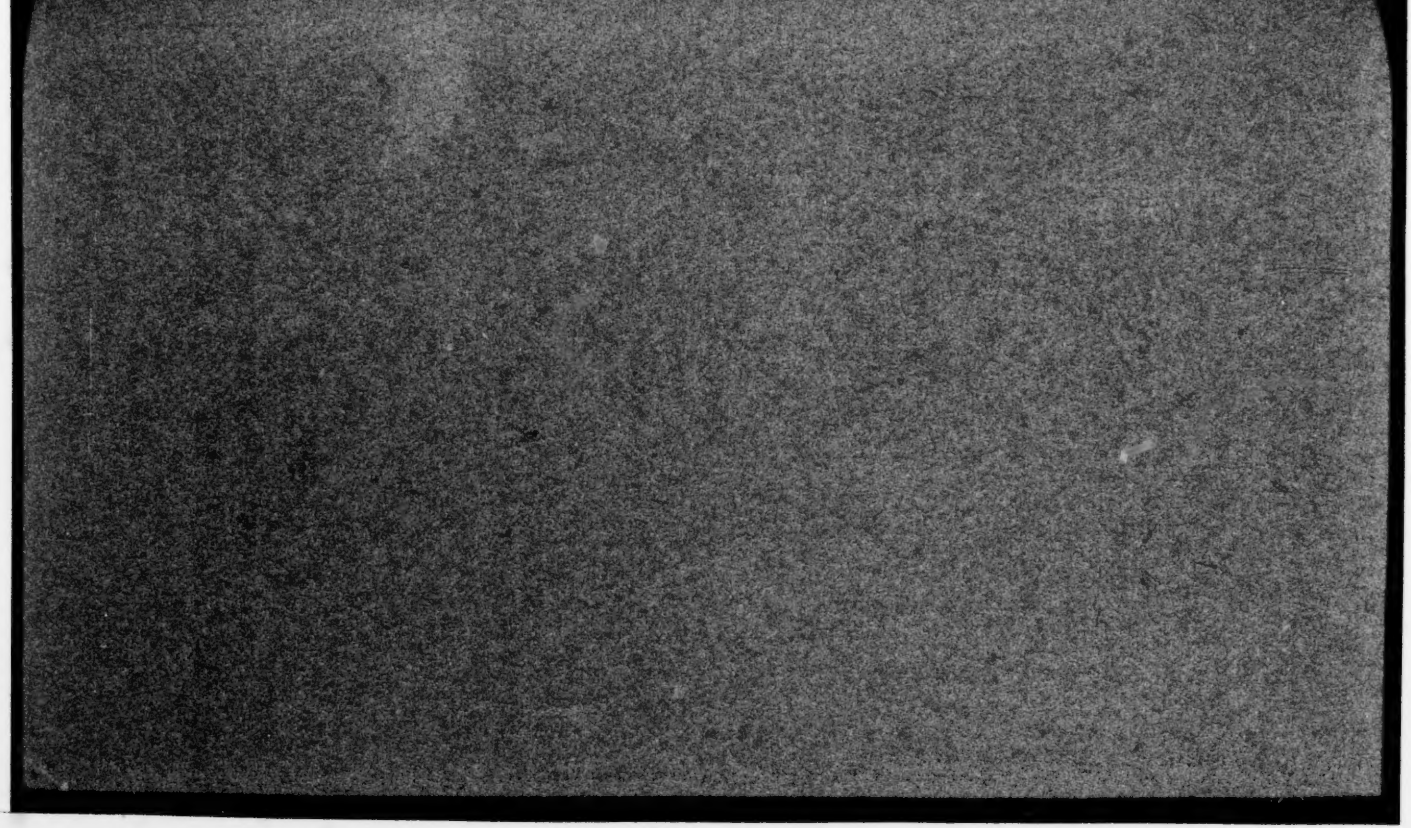
FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS AND SAM H. HARRIS

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR CERTIORARI FILED DECEMBER 21, 1939.

CERTIORARI GRANTED JANUARY 22, 1940.

(37,262)



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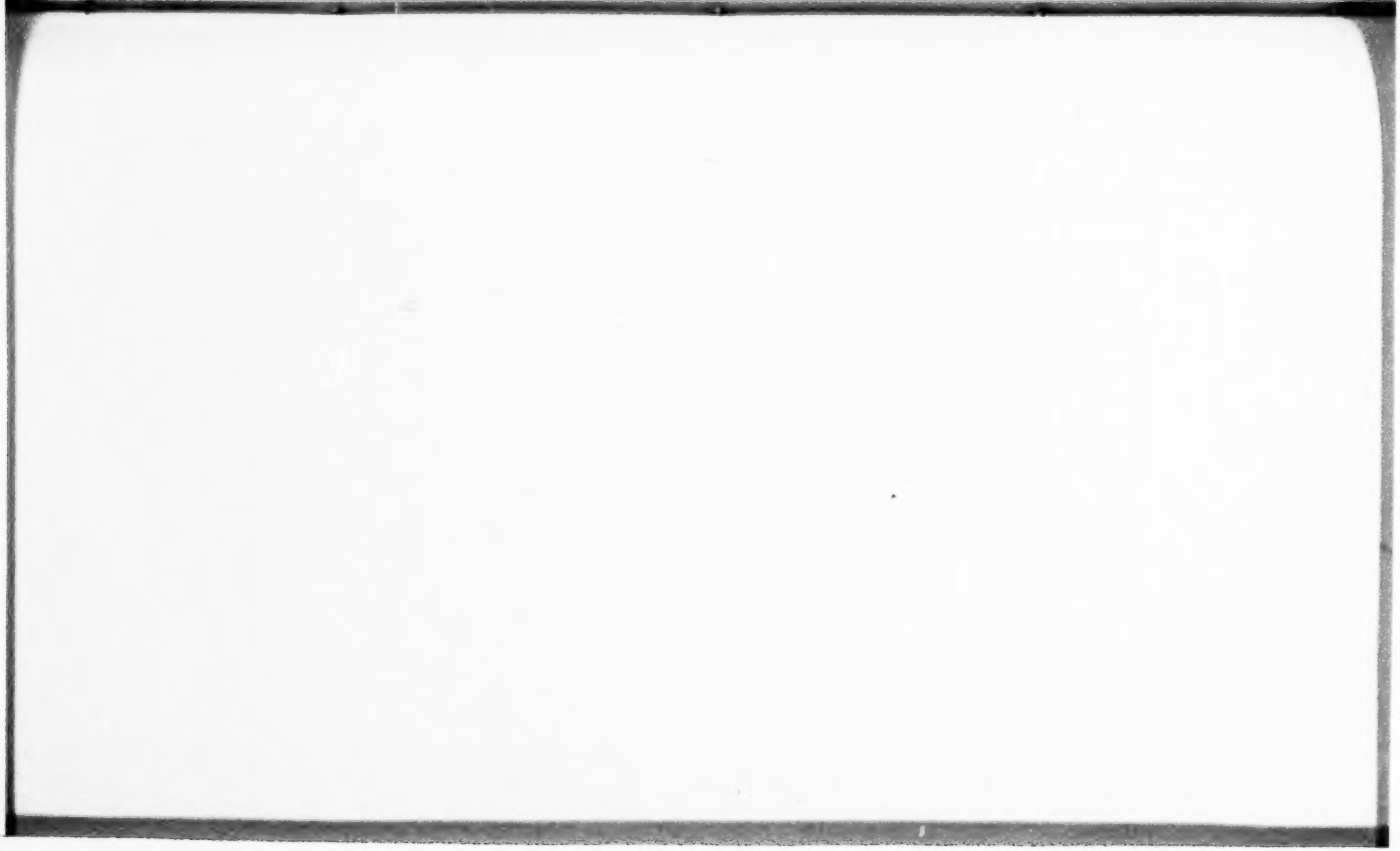

[fol. 1] STATEMENT PREFIXED TO RECORD

1. Caption:

UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK

PHILIP HURN and PERCY MORGAN, JR., Complainants,

against

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS, SAM H. HARRIS, Shubert Theatre Corporation, WILLIAM E. MORRIS, DONALD MACKENZIE, ELEANOR GRIFFITH, JOHN F. MORRISSEY, ARTHUR STEWART HULL, JOHN BURKELL, ANTON ASCHER, PRISCILLA KNOWLES, EDWARD MANN, MURRAY ALPER, WALTER TRAVERS, THOMAS FINDLAY, JOHN ROGERS, HENRY PHILLIPPI, JOHN KELLY, ALFRED GOLDIE, D. J. FLANAGAN, CHARLES HAMLIN, CLIFFORD STONE, JOHN O. HEWITT, ROY HARGRAVE, H. YANO, GERMAINE GIROUX, and JOHN HALLIDAY, Defendants

2. The suit was commenced by the filing of the bill of complaint and præcipe and the issuance of a subpoena, on January 23, 1928.

[fol. 2] 3. The names of the original plaintiffs are Philip Hurn and Percy Morgan, Jr. There has been no change as to the parties plaintiff.

The names of the original defendants are: Fulton Oursler Lowell Brentano, Albert Lewis, Sam H. Harris, Shubert Theatre Corporation, William E. Morris, Donald Mackenzie, Eleanor Griffith, John F. Morrissey, Arthur Stewart Hull, John Burkell, Anton Ascher, Priscilla Knowles, Edward Mann, Murray Alper, Walter Travers, Thomas Findlay, John Rogers, Henry Phillippi, John Kelly, Alfred Goldie, D. J. Flanagan, Charles Hamlin, Clifford Stone, John O. Hewitt, Roy Hargrave, H. Yano, Germaine Giroux and John Halliday.

The subpoena was served upon Fulton Oursler, Lowell Brentano, Albert Lewis and Sam H. Harris. The trial was had as to these defendants and there has been no change otherwise as to the parties defendant.

4. The dates of filing of the pleadings are as follows:
(a) The bill of complaint was filed on January 23, 1928.
(b) The answer of the defendant Fulton Oursler was filed on February 29, 1928.
(c) The answer of the defendant Lowell Brentano was served on March 5, 1928.
(d) The answer of the defendants Albert Lewis and Sam H. Harris was filed on February 6, 1928.
[fol. 3] (e) The amended answer of the defendant Fulton Oursler was served on or about March 27, 1928.

5. The amendments to the complaint were allowed in Court on November 5, 1931.

6. None of the defendants was arrested, or bail taken, or property attached, or arrested.

7. The trial was had on November 5, 6, 9, 10, and 28, 1931, respectively, and the name of the judge is the Hon. Julian W. Mack, United States Circuit Judge.

8. No question was referred to a commissioner or commissioners, master or referee.

9. There was no interlocutory decree and the date of the entry of the final decree was December 22nd, 1931.

10. The Allowance of Appeal and Citation on Appeal as signed were filed by Judge Mack with the Clerk of the District Court on February 4, 1932.

[fol. 4] IN UNITED STATES DISTRICT COURT

[Title omitted]

COMPLAINT

The complainants above named by Lorenz & Lorenz, their solicitors, complaining of the defendants, allege:

First. That the complainants invoke the jurisdiction of this Court upon the ground that the Copyright Law of the United States is directly involved in this action.

[fol. 5] Second. That complainants are citizens of the United States, residing in the City, County and State of

New York; and upon information and belief, that all the defendants reside in the City, County and State of New York.

Third. That prior to the 25th day of August, 1924, the complainants composed and were the authors, inventors and proprietors of a certain new and original dramatic work or play of great novel and artistic value, which had never been published, entitled "The Evil Hour."

Fourth. That on or about the 26th day of August, 1924, the complainants deposited one complete copy of said dramatic composition, with the claim of copyright thereof, in the Copyright Office of the United States of America, situate in the Library of Congress, Washington, D. C., in accordance with the statute of the United States in such case made and provided and did secure copyright upon the aforesaid dramatic composition in conformity with Sec. 55 of the Act to Amend and Consolidate the Acts respecting Copyright, approved March 4, 1909, as amended by the Act approved March 2, 1913; that entry of said copyright was made by the Register of Copyrights under #68683, and that the said dramatic composition was never reproduced in copies for sale and the complainants have not at any time granted the defendants or any of them, or any other person or persons, any license or privilege to produce the said play or to make a dramatization of the same. That the said play was duly copyrighted under the title "The Evil Hour" and was described as a "Mystery Melodrama." That the [fol. 6] said copyright of said play was secured under the names of the complainants herein, and the fee for registration of said play was duly paid to the Register of Copyrights, and that said complainants duly complied with all requirements of law for the copyrighting of the said dramatic work and thereby obtained a good and valid copyright upon the same.

Fifth. That complainants have at all times been and now are the sole and exclusive authors and proprietors of the said original dramatic composition entitled "The Evil Hour," and the whole thereof, and the copyright therein, together with all the rights to publish, copy, vend, produce, perform, stage and exhibit the said work, and that all said rights are still vested in the complainants.

Sixth. That on or about the 18th day of July, 1924, a synopsis of the said play known as "The Evil Hour" was registered with the Authors League of America under No. 1541, and from and after the said date complainants' play was submitted by the complainants to many theatrical producers including the defendants Lewis and Harris and on information and belief that said play "The Evil Hour" was well known to the defendants Oursler, Brentano, Lewis and Harris, prior to the production and prior to the writing of the play known as "The Spider" as produced in the City of New York, as hereinafter stated.

Seventh. That thereafter and since on or about February 1st, 1927, at Chanin's 46th Street Theatre, located in [fol. 7] the City, County and State of New York, the defendants, and each of them, have been publicly performing and producing and causing to be performed and produced for profit in the State of New York and elsewhere, and are now publicly performing and producing and causing to be performed and produced for profit in the said State, City and County of New York, and in the Southern District of New York, first at a theatre known as Chanin's 46th Street Theatre, New York City, and thereafter and now at a theatre known as "The Music Box Theatre," a certain dramatic composition entitled "The Spider" in which they have copied and are appropriating, using and reproducing as an integral part thereof complainants' original and unique underlying idea, and dramaturgical conception and expression of the same, by the use of spiritualistic medium, and a fear inducing and thrilling seance, with the audience taking part in said seance, as a means of detecting the murderer supposed to be in the audience and using the incidental business and effects, and basic emotion originally conceived by the complainants, and various other pieces of business and portions of complainants' play "The Evil Hour."

Eighth. That the said defendants, Oursler and Brentano, have represented themselves to be, and have continuously and falsely represented themselves to be the authors and originators of the said play entitled "The Spider" as now produced and exhibited by them with full knowledge of the fact that they had appropriated, pirated and plagiarized

the same from the aforesaid play of complainants entitled "The Evil Hour."

[fol. 8] Ninth. That the defendants and each of them have aided and assisted in the production for profit of the said play entitled "The Spider" since on or about February 1st, 1927, and are continuing to produce and exhibit or assist in the production or exhibition of the said play for profit; and have received and are receiving large sums of money through the use and exhibition of the said play entitled "The Spider".

Tenth. Upon information and belief that the matters heretofore referred to as being originally and uniquely conceived by the complainants were not contained in the original version of "The Spider" as originally copyrighted, and for the most part were not contained in "The Spider," as originally publicly produced by defendants, but that the use of the conception above referred to, including the participation of the audience in the seance, was added to said play after it was originally produced and shortly before its said New York production, which additions so made provided a new and different means of detecting the murderer than was originally intended and which addition immediately became not only an integral part of said production, but the outstanding feature thereof; that the spirit seance with the audience participating, and the spiritualistic incidents in the play, have been featured in the public advertisements and are and have been largely responsible for the widespread interest created and large attendance at the various performances. Further, as complainants are informed and believe, the use of said conception was added to said play after the defendant Lewis had considered and discussed the production of complainants' play "The Evil [fol. 9] Hour," and since that time, the matters hereinbefore referred to have been and are being publicly produced for profit by said defendants and each of them as aforesaid.

Eleventh. That notice has been given to the said defendants that said production by them is an infringement upon the rights of the complainants and that they have failed, neglected and refused to discontinue the said production.

Twelfth. That the defendants William E. Morris, Donald Mackenzie, Eleanor Griffith, John F. Morrissey, Arthur

Stewart Hull, John Burkell, Anton Ascher, Priscilla Knowles, Edward Mann, Murray Alper, Walter Travers, Thomas Findlay, John Rogers, Henry Phillippi, John Kelly, Alfred Goldie, D. J. Flanagan, Charles Hamlin, Clifford Stone, John O. Hewitt, Roy Hargrave, H. Yano, Germaine Giroux and John Halliday are actors who have been and are engaged in producing the play entitled "The Spider". That the aforesaid dramatic composition, play or theatrical entertainment entitled "The Spider" is a direct infringement upon complainants' copyright and is and has been taken from complainants' play entitled "The Evil Hour," copyrighted as aforesaid, and is and has been based upon complainants' said work.

Thirteenth. That the defendants, and each of them, at all the times herein set forth, with full knowledge of complainants' rights and of the fact that said dramatic composition "The Spider" was an infringement upon complainants' play "The Evil Hour," for profit, aided and assisted, are [fol. 10] aiding and assisting or have aided or assisted in the writing, production and presentation of the aforesaid infringing dramatic composition or play known as "The Spider".

Fourteenth. That the presentation by the defendants of the play known as "The Spider" as aforesaid has irreparably injured complainants' property in said dramatic composition known as "The Evil Hour," and that by reason thereof, said composition has lost its originality as a dramatic version and that the original features thereof are becoming stale and the public demand therefor is being exhausted by the defendants' said actions, and the original and novel basic ideas of "The Evil Hour" have been used to bolster up and form a basic part of the plot and structure of "The Spider" and the development of said conception as well as a substantial number of incidents, scenes and episodes of the play known as "The Evil Hour" not heretofore alleged have been in detail arrangement and combination copied by the defendants in their said play known as "The Spider," written and produced by them as aforesaid from the complainants' play "The Evil Hour," and that the continuance of the acts of the defendants herein complained of will cause to the complainants irreparable damage; that it has prevented the future production of their

play "The Evil Hour"; that it has and will injure them in their profits and will diminish the amount which they might have otherwise received from the presentation and production of their said play "The Evil Hour" in the United States, and that the actual injury and damage to the com- [fol. 11] plainants by reason of the said acts of the defendants cannot be adequately ascertained or computed, nor can the complainants be properly compensated therefor in an action at law for damages.

Fifteenth. That the wrongful acts of the said defendants as hereinabove set forth are wrongful and continuing, and have all taken place in the City of New York and within the jurisdiction of the Southern District of New York and are in violation of the rights of the complainants herein, as well as of the copyright laws of the United States, and that a copy of the text of the play of complainants consists of about 80 pages and by reason thereof it is impractical to annex a copy thereof to the complaint, and the complainants have not a copy of the manuscript of the infringing dramatic production "The Spider" for the reasons alleged in paragraph Tenth herein, and for the reason that same has not been copyrighted by said defendants.

Sixteenth. That filed in court with this complaint and made a part hereof is a certified photographic copy of the play entitled "The Spider," Registration No. D75375, April 22nd, 1926, copyrighted by the defendants Oursler and Brentano on said date.

Seventeenth. That the aforementioned certified photographic copy of "The Spider," referred to and made a part hereof, does not contain the basic emotion or basic theme of the infringing dramatic composition or play entitled "The Spider" heretofore referred to and now being produced and exhibited by the defendants.

[fol. 12] Eighteenth. That the basic emotion or theme of complainants' play "The Evil Hour" is not the same as that contained in the copyright version of "The Spider," registered by the defendants Oursler and Brentano on April 22nd, 1926, under number D75375 in the Library of Congress, Washington, D. C., heretofore referred to and made a part of this complaint.

Nineteenth. That the basic emotion or theme of complainants' play entitled "The Evil Hour" is the same as that contained in the dramatic production of "The Spider" as it is now being produced and exhibited or caused to be produced and exhibited by the defendants.

Twentieth. "The Evil Hour," the copyrighted play of plaintiffs, is a type of dramatic composition known as a mystery melodrama.

There is in the first and second acts of "The Evil Hour" established a definite theme interest in a spiritualistic seance to be held in a New York theatre. Katie King, characterized as a fake trance medium and expert show woman, is the medium through which this interest is established. There is a discussion of Katie King's remarkable performance and her feat of producing ectoplasm in public. The reference to her seance and supernatural powers are sign posts of construction pointing to and building up interest for the third act, a seance held in a New York theatre with the audience part of the show. Yogi Karmus talks glibly about the Evil Hour which he says in western lands is considered to be midnight but in eastern countries, earlier—10:45 P. M. As the Evil Hour arrives a shining object previously referred to in the play and which was [fol. 13] concealed in Anne's dress falls to the floor. As she stoops to pick it up, Osgood sees it. She unintentionally points it at him. He says in terror "Don't let her kill me." The lights suddenly go out, the stage is dark and when the lights go up again Osgood is found dead upon the floor, the circumstances seeming to implicate Anne with his death.

Chase, who is in love with Anne, pleads with her to tell him all she knows so that he will better be able to protect her. Anne finally tells him that her father, who had invented an extraordinarily powerful poison gas, had been murdered and his poison gas secret stolen. She suspected Osgood of being a member of a traitorous ring of business men who had been trying to buy her father's invention in order to sell it to an enemy government. Suspicion is cast upon several persons as possible murderers of Osgood, including Katie King. While Chase is endeavoring to prove Anne innocent, the tiny poison gas container with which Anne is supposed to have murdered Osgood, is discovered to be a duplicate. Though there is no way of proving this,

Chase is convinced that the guilty person now has the original metal gas container which can be shot like a gun. Then he receives a death warning himself. He is desperate. At this point, Katie King begs Chase to allow her to hold her seance which is scheduled the next night at a New York theatre, telling him she can help him—begs him to let her ask the spirits to help. Chase is skeptical and suspicious of Mrs. King but sees a certain amount of logic in what she says. Mrs. King tells Chase she is not asking him to believe in spirits, though she says that things sometimes happen that are not just make-believe. She points out that [fol. 14] Chase's chief interest is in proving Anne innocent, explaining that he can do that by having all the suspects on the platform of her theatre where the audience can see them at the psychological moment. She further points out that if there is an attempt to murder him at "the evil hour" there will be "a whole theatre full of people all playing detectives themselves—looking for the murderer." In other words, Katie King promises to help Chase prove Anne innocent and with the help of the spirit-seance and the audience, perhaps catch the murderer. Anne tells Chase that if he permits Katie King to hold her seance as planned, he will be the laughing stock of the town. Already the newspapers are attacking him. But Chase is so baffled and pressed for time, he finally agrees to let Mrs. King hold her seance with the audience part of the show. Mrs. King has been handcuffed but says she can't hold her seance with them on, but she is not unhandcuffed.

The action of the entire third act of "The Evil Hour" takes place in a New York theatre with Katie King supposedly in the midst of the second half of her spirit seance, with the audience now part of the show. The theatre is entirely dark at first with Mrs. King's voice announcing from stage that the spirits are all about. A swishing sound is heard over the heads of the audience. Mrs. King tells audience not to be alarmed if they feel a cool breeze blowing over their shoulders, explaining that it is only the spirit of a loved one hovering near. Air hoses send breezes in different directions. Things swish overhead. Luminous hands appear. Strange things *first* overhead. Sparks fly here and there. Actors are planted in the audience to assist [fol. 15] in individual thrills. Mrs. King keeps up a steady stream of dialogue during the seance. There is a weird

tinkling of bells over audience. Mrs. King then announces that she is going to produce ectoplasm which will float out over audience. She warns audience not to touch ectoplasm as it is dangerous for her as well as audience. Mrs. King now announces that she will spell two most important words in letters of ectoplasm. Suddenly all the lights in theatre are turned up and on the stage are seen seated Mrs. King, Anne and other suspects, all handcuffed but Mrs. King. It is not explained how Mrs. King got out of her handcuffs. A comedy officer named O'Flarity and detectives stand on either side of stage with drawn guns. A uniformed policeman stands at each exit with drawn gun. Chase now enters from the wings and immediately begins to address audience down stage. Chase tells audience that they have come there in the interest of spirit communication but asks them to remain in the interest of the community. He assumes that all of the audience is aware of the fact that a dangerous killer is at large in the city and tells them he has every reason to believe that the murderer is in the theatre—on the stage or seated in the audience—perhaps next to any one. He tells them that they already know that he has been accused of shielding Anne by the papers. He has taken out his watch and tells audience that at any moment an attempt upon his life will probably be made. He says that he stands before the audience ready to give his life if necessary to prove Anne innocent. He asks each and every one of the audience to help catch the murderer. Voices in the audience shout that they will help. At exactly 10:45, "the evil hour," a woman in the front row of the audience rises [fol. 16] and shrieks, pointing toward the guilty man, who is now seen with a gleaming bit of metal between his teeth, the gas container aimed at Chase. The guilty man shrieks out a confession of guilt. The mysterious murders are briefly explained by Chase after officer with gun commands audience to stay where they are—not to move. Chase tells audience they may now go home, after thanking them for their help in proving Anne innocent and catching the real murderer. The audience gets a last glimpse of Chase and Anne in each other's arms.

Twenty-first. Complainants further allege that the play as above described has a peculiar originality and excellence and that the combination of scenes incident thereto are en-

tirely novel and are unlike any other incidents or combination of scenes known to be produced prior to said play and particularly that the holding of a spirit seance with the audience taking part therein for the purpose of detecting a murderer and the lines and business incidental thereto constitute one of the principal parts of said play and that it was also original and unique in respect to the conception of having a crime committed in the presence of a spirit medium and in the detection of the murderer supposed possibly to be in the audience, during the fear-inducing business of a spirit seance with the incidental features of such seance mentioned above and with the audience, as stated, aiding in the detection of the murderer.

The basic emotion of the complainants' play is fear, fear produced by mystery in an atmosphere surcharged with murder. The play is a murder-mystery, in short, and with [fol. 17] its atmosphere heightened and brought to a climax in the third act by the use of all the devices of spiritualistic trickery and the use of spiritualism and spiritualistic trickery as a means of detecting and capturing a murderer, as stated above.

The success of the play is made to depend for its effect upon the successful creation of novel and sensational thrills in the audience by the means stated above and the play is novel and original in the unique and original means devised by plaintiffs and used for producing the same, as indicated in the preceding paragraph of this complaint. The play is further unique and original in providing the incidental working out of a solution of a murder mystery by the means indicated above and which relieve innocent persons, and more especially the heroine, from unjust suspicion.

Twenty-second. Upon information and belief that "The Spider," as it is now being produced by the defendants, has the same basic emotion of fear as "The Evil Hour," with essentially the same series of events used to excite the same emotions in the same sequences, peculiar, novel and unique in complainants' play "The Evil Hour," in that Chatrand begs the Inspector to allow him to hold a spirit seance in order to catch the murderer in the theatre, the same as Katie King in "The Evil Hour" begs Commissioner Chase to allow her to hold a spiritual seance in order to allow her to catch the murderer in the theatre; the In-

spector in "The Spider" as now produced says that he will be the laughing stock of the newspapers if he permits Chatrand to hold the seance.

In "The Evil Hour" Commissioner Chase says that he will be the "laughing stock of the town if he permits Katie [fol. 18] King to hold the seance." In "The Spider," as now produced, the Inspector permits Chatrand to hold the seance and handcuffs him before the seance commences—during the seance itself Chatrand is not handcuffed—the Inspector asks for cooperation of the audience and tells the audience "There is a dangerous criminal in this audience"; in "The Evil Hour" Katie King is permitted to hold the seance and she is handcuffed before the seance—during the seance she is not handcuffed. Commissioner Chase asked for cooperation of the audience, saying: "I must ask you to remain in the interest of the community, and I have every reason to believe that the murderer is in this theatre, on the stage or seated in the audience—perhaps next to any one of you." In "The Spider," as now produced, Chatrand is trying to prove that the heroine's brother is innocent and in "The Evil Hour" Commissioner Chase says "I am here tonight to prove Miss Marlow innocent of these hideous crimes."

In "The Spider," as now produced, both the inspector and Chatrand ask the audience to help capture the murderer. In "The Evil Hour," Commissioner Chase says "I ask each and every one of you to help capture the murderer."

In "The Spider," when Chatrand is pleading with the inspector for a chance to hold the seance, the inspector expresses doubt of the success of the seance in capturing the murderer, and in using the audience as a part of the seance, but Chatrand admitting he is a pure fake, says that strange things sometimes happen. The theatre manager tells the inspector that the audience is impatient and wants to put on the show. In "The Evil Hour," Commissioner Chase says to Mrs. King, "Do you really expect me to take you [fol. 19] seriously, Mrs. King? You who have already admitted that you are a fake from start to finish, etc." Mrs. King then says "I ain't asking you to believe the spirits, though there is things that sometimes happens that ain't just make believe." She then says "The spirits is getting anxious, Capt. Chase, and so is my audience."

Estelle, Chatrand's assistant in "The Spider," turns out the house lights, and lights in the audience, making the entire theatre dark. The audience is told it cannot leave the theatre and Chatrand asks the audience to give him their undivided attention and cooperation during the seance, and asks the audience to concentrate, assuming that there are many spiritualists in the audience. Then Chatrand talks about and does produce ectoplasm which floats out over the audience and scares them to death. In "The Evil Hour," Mrs. King turns out all the lights in the theatre, and later confesses that she did it (p. 3, Act 3, Scene 1). Officer O'Flarity tells the audience "The ushers will please close and lock all the doors so that no one can get in or get out." Mrs. King then says "I must ask you all to be special quiet as I go into me trance." Then she says (Act 3) "If you will all help me—concentrate, etc." The audience is now a part of the play. Mrs. King then says, "Now, ladies and gentlemen, I will produce a yard and six inches of ectoplasm"; whereupon ectoplasm begins emanating from the centre of the stage and floats out over the heads of the audience (being phosphorous on cotton batten manipulated by wires). Then Mrs. King (Act 3, p. 1) says "Don't be alarmed, folks, if you hear and feel strange things tonight, [fol. 20] and a cool breeze blowing over your shoulders" (air hoses send breezes in different directions and sparks flash here and there and things swish over the heads of the audience, the same as in "The Spider."

In "The Spider," during this seance, people are planted in the audience to shriek and in "The Evil Hour" (Act 3, p. 1) people are also planted in the audience for the same purpose, and there is a weird tinkling of bells over the audience, and luminous hands appear, etc.

In "The Spider," after the seance and during the action of this high point of the play, policemen stand with drawn guns on each side of the stage and several are posted in the aisles throughout the theatre. The Inspector tells an officer to keep his eye on Chatrand. Then Chatrand, the assistant, goes into a trance and when the guilty man is found in the audience as a result of this spiritualistic seance, the Inspector says to the audience "You may now all go home." In "The Evil Hour," Mrs. King goes into a trance and her eyes are shut and her face is dead white and after the guilty murderer has been found in the au-

dience, Commissioner Chase says to the audience, "I thank you all, you may now go home, etc."

In both plays, after the crime has been committed, the police, in an effort to detect the criminal, who they have every reason to believe is still within the theatre, proceed on the theory that the cumulative impact of each succeeding phase of action or dialogue during the seance would be too great for the criminal to endure with a degree of [fol. 21] equanimity capable of escaping the careful scrutiny of the assembled "audience police."

Twenty-third. That the defendants persist in the said wrongful acts, and, unless they are enjoined and restrained by injunction pendente lite, the value of the complainants' rights will be destroyed and the complainants' damages will not be less than $250,000.

Wherefore complainants pray:

1. That a writ of subpœna issue out of this Court, directed to the defendants and each of them, commanding them to appear and answer this Bill of Complaint within twenty (20) days after the service of the said writ.

2. That the defendants and each of them, and all persons acting under the defendants' direction, control, permission and license, be restrained and enjoined, during the pendency of this action and perpetually thereafter, from publicly producing, presenting, performing, publishing or advertising their said infringing play at present entitled "The Spider" or permitting to be done any of the aforesaid acts.

3. That the defendants and each of them be required to account for, and pay over to the complainant, any and all profits derived from any and all productions and presentations of the said dramatic composition, play or theatrical entertainment now known as "The Spider," at any and all places, whether public or private; and that for that purpose the defendants and each of them be required to exhibit their books and discover all papers and accounts in their [fol. 22] possession with relation to all funds derived from the presentation of the said play "The Spider," and the method of their application.

4. That defendants and each of them be required to pay to the complainants any and all damages sustained by the complainants in the premises, and any and all penalties imposed by the Copyright Laws.

5. That the defendants and each of them pay the costs of this suit, and that a reasonable attorneys' fee be allowed to the complainants.

6. That the defendants and each of them, and all persons acting under their direction, control, and license, be enjoined and restrained during the pendency of this action from using or dissipating any of the profits or income from any and all productions of the aforesaid play "The Spider" and that all such monies be impounded under the direction of this Court until a final determination of this action.

7. That the complainants have such other and further relief as may be just and proper.

Lorenz & Lorenz, Solicitors for Complainants. Office & Post Office address: 36 West 44th Street, Borough of Manhattan, City of New York. Du Bois J. Gillette, Solicitor of Counsel.

[fol. 23] IN UNITED STATES DISTRICT COURT

[Title omitted]

AMENDMENTS ALLOWED TO COMPLAINT

The complainants above named, by Lorenz & Lorenz, their solicitors, move to amend the complaint as follows:

1. To add a paragraph entitled Fourth (a) to read:

"That thereafter various changes were made in said dramatic composition by complainants, and that said dramatic composition as so revised has never been published."

2. To amend paragraph Sixth so as to insert the portion italicized below, so that said paragraph shall read as follows:

"Sixth. That on or about the 18th day of July, 1924, a synopsis of the said play known as 'The Evil Hour' was registered with the Authors' League of America under No.

[fol. 24] 1541, and from and after said date complainants' play *or dramatic composition, both in its copyright form and as so revised*, was submitted by the complainants to many theatrical producers including the defendants Lewis and Harris and on information and belief that said play 'The Evil Hour' was well known to the defendants Oursler, Brentano, Lewis and Harris, prior to the production and prior to the writing of the play known as 'The Spider' as produced in the City of New York as hereinafter stated."

3. To amend paragraph Fifteenth so as to insert the portion italicized below, so that said paragraph will read as follows:

"Fifteenth. That the wrongful acts of the said defendants as hereinabove set forth are wrongful and continuing, and have all taken place in the City of New York and within the jurisdiction of the Southern District of New York and are in violation of the rights of the complainants herein *at common law and in equity, and constitute unfair business practices and unfair competition against the complainants herein*, as well as of the copyright laws of the United States, * * *."

4. To make the insertion italicized below in paragraph Twentieth so that the first sentence thereof shall read as follows:

"Twentieth. 'The Evil Hour,' the copyrighted play of [fol. 25] plaintiffs and said play *as revised as aforesaid*, is a type of dramatic composition known as a mystery melodrama."

Lorenz & Lorenz, Solicitors for Complainants. Office & Post Office address: 165 Broadway, Borough of Manhattan, City of New York.

IN UNITED STATES DISTRICT COURT

[Title omitted]

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This action having been reached for trial on the 5th day of November, 1931, and having been tried on the 5th, 6th,

9th, 10th and 28th days of November, 1931, and the complainants having appeared at such trial by Messrs. Lorenz & Lorenz (Keith Lorenz, Esq., of counsel) and the defendant Fulton Oursler, by Messrs. Hays, St. John, Abramson & Schulman (Arthur Garfield Hays and Alan S. Hays, [fol. 26] Esqs., of counsel) the defendant Lowell Brentano by Paul N. Turner, Esq., and defendants Sam H. Harris and Albert Lewis, by Messrs. O'Brien, Malevinsky & Driscoll (Arthur Driscoll, Esq., of counsel) having appeared at such trial, and the allegations and proof of the respective parties having been heard and given, and the Court having excluded from evidence, any proof in support of the allegations of Paragraph "Fifteenth" of the Complaint as Amended, in so far as said allegations are based upon claims other than a claim of violation of the Copyright Law of the United States, and this Court having considered the argument of counsel and the allegations and proof, and after due deliberation had, I do find and decide as follows:

Findings of Fact

1. Complainants are citizens of the United States, residing in the City, County and State of New York, and in the Southern District of New York, and that the defendants are residents of such State and District.

2. Prior to the 25th day of August, 1924, the complainants composed and were the authors and proprietors of an unpublished dramatic composition entitled "The Evil Hour".

3. That on or about the 26th day of August, 1924, the complainants deposited one complete copy of said dramatic composition, with claim of copyright thereof, in the Copyright Office of the United States of America, situate in the Library of Congress, Washington, D. C., in accordance with the statute of the United States in such case made and pro- [fol. 27] vided and did secure copyright upon the aforesaid dramatic composition in conformity with Sec. 55 of the Act to Amend and Consolidate the Acts respective Copyright, approved March 4, 1909, as amended by the Act approved March 2nd, 1913; that entry of said copyright was made by the Register of Copyrights under #68683, and that the said dramatic composition was never reproduced in copies for

sale and the complainants have not at any time granted the defendants, or any of them, or any other person or persons, any license or privilege to produce the said play or to make a dramatization of the same. That the said play was duly copyrighted under the title "The Evil Hour" and was described as a "Mystery Melodrama". That the said copyright of said play was secured under the names of the complainants herein, and the fee for registration of said play was duly paid to the Register of Copyrights, and that said complainants duly complied with all requirements of law for the copyrighting of the said dramatic work.

4. That complainants have at all times been and now are the sole and exclusive authors and proprietors of the said dramatic composition entitled "The Evil Hour," and the whole thereof, and the copyright therein, together with all rights to publish, copy, vend, produce, perform, stage and exhibit the said work, and that all said rights are still vested in the complainants.

5. That following the copyrighting of said dramatic composition "The Evil Hour," the same was submitted in said copyrighted form to the defendant Lewis for examina-[fol. 28] tion for the purpose of production, and that said play "The Evil Hour" as copyrighted was known to the defendant Lewis, prior to the production and prior to the writing of the play known as "The Spider" hereinafter mentioned, as produced in the City of New York.

6. That prior to the summer of 1926 complainants herein composed a revised version of the play "The Evil Hour" and in or about the early summer of 1926 submitted the same to the defendant Lewis for examination, and that said revised version of "The Evil Hour" marked in evidence herein as Exhibit "7" was known to the defendant Lewis prior to the production and prior to the writing of the play known as "The Spider" in its form as produced in the City of New York as hereinafter stated; that said revised version of "The Evil Hour" was never copyrighted in the Copyright Office of the United States and the same has never been published.

7. That the answering defendants, Fulton Oursler and Lowell Brentano are the authors and proprietors of the dramatic work "The Spider," and that the same was duly

copyrighted in the Copyright Office of the United States of America, on or about the 29th day of April, 1926. That a revised version of "The Spider" was thereafter composed, but not copyrighted in the Copyright Office of the United States, and said revised version has never been published.

8. That from on or about February 1, 1927, and for some time thereafter, the defendants and each of them publicly performed and produced and caused to be performed and produced for profit in the State of New York and elsewhere, and in the Southern District of New York, first at a theatre [fol. 29] known as Chanin's 46th Street Theatre, and thereafter at a theatre known as The Music Box Theatre, the said dramatic composition entitled "The Spider" in its revised form as aforesaid.

9. That no version of the defendants' play "The Spider" infringed in any way, either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play, "The Evil Hour," in contravention of the Copyright Law of the United States.

10. That the reasonable value of the services of counsel for the defendant Fulton Oursler rendered in this action is the sum of $1,000.00; that the reasonable value of the services of counsel for the defendant Lowell Brentano rendered in this action is the sum of $1,000.00.

11. That the action brought by the complainants herein was brought in good faith, and not in a fraudulent attempt to give jurisdiction to the District Court of the United States, in said Southern District of New York, upon any cause or causes of action at common law or in equity, arising by virtue of any law or laws other than that of the Copyright Law of the United States, and not with any intent to have said Court decide this suit on local or state questions only.

Conclusions of Law

1. That in view of the conclusion reached by the Court of lack of copyright infringement, this Court is without juris- [fol. 30] diction to entertain the allegations in paragraph Fifteenth of the Complaint as amended, and to admit in evidence any proof thereof, in so far as they are based upon claims other than a claim of violation of the Copyright Law of the United States.

2. That the answering defendants, Fulton Oursler and Lowell Brentano, Albert Lewis and Sam H. Harris, are entitled to judgment dismissing the complaint of the complainants on the merits, with costs to be taxed by the Clerk, said costs to be paid by the complainants and by their surety, and in which costs shall be included a counsel fee of $1,000 to be paid by complainants and their surety to the defendant Fulton Oursler and a further counsel fee in the sum of $1,000 to be paid by complainants and their surety to the defendant Lowell Brentano.

Julian W. Mack, Judge of the United States District Court in and for the Southern District of New York.

[fol. 31] In United States District Court, Southern District of New York

Philip Hurn and Percy Morgan, Jr., Plaintiffs,

against

Fulton Oursler, Lowell Brentano, Sam H. Harris, Albert Lewis et al., Defendants

Decree Dismissing Complaint

This cause having come on to be heard at the November Term of this Court and having been tried on the 5th, 6th, 9th, 10th and 28th days of November, 1931, upon the pleadings and proofs; and Messrs. Lorenz & Lorenz (Keith Lorenz, Esq., of counsel) having been heard on the part of the complainants, and Messrs. Hays, St. John, Abramson & Schulman (Arthur Garfield Hays and Alan S. Hays, Esqs., of counsel) for the defendant Fulton Oursler, and Paul N. Turner, Esq., for the defendant Lowell Brentano, and Messrs. O'Brien, Malevinsky & Driscoll (Arthur Driscoll, Esq., of counsel) for the defendants Sam H. Harris and Albert Lewis, having been heard on the part of said defendants, and due deliberation having been had, and the findings of fact and conclusions of law required under Equity Rule 70½ having been filed by the Court herein, and the Court having made its decision, as appears more particularly from the said findings of fact and conclusions of law, it is

[fol. 32] Ordered, adjudged and decreed that the bill of complaint herein be and the same hereby is dismissed upon the merits as to all of the defendants; and it is further

Ordered, adjudged and decreed that the defendants severally recover from the complainants their costs as taxed and that the defendants severally have execution therefor; and it is further

Ordered, adjudged and decreed that the costs so taxed shall include the following allowances, hereby awarded as counsel fees: To the defendant Fulton Oursler, the sum of $1,000; to the defendant Lowell Brentano, the sum of $1,000; and it is further

Ordered, adjudged and decreed that the several allowances of counsel fees hereinabove referred to are granted without prejudice to the rights of the respective defendants or any of them to apply for further allowance of counsel fee in the event of an appeal herein.

Julian W. Mack, United States Circuit Judge.

[fol. 33] In United States District Court

[Title omitted]

Petition of Appeal

To the Honorable Judges of the United States District Court for the Southern District of New York:

And now come Philip Hurn and Percy Morgan, Jr., who respectfully represent that on the 22nd day of December, 1931, a decree was entered by this Court dismissing the complaint herein upon the merits. Your petitioners respectfully show that in and by said decree manifest error was committed and your petitioners do hereby appeal from the said decree to the Circuit Court of Appeals for the Second Circuit, for the reasons set forth in the assignment of errors filed herein, and they pray that this appeal be allowed, and that a citation be issued as provided by law, and that a transcript of the record and proceedings in the case be sent to the Circuit Court of Appeals for the Second Circuit, under

[fol. 34] the rules of such Court for such cases made and provided.

Dated New York, January 19, 1932.

Lorenz & Lorenz, Attorneys for Complainants and Appellants. Office & Post Office address: 165 Broadway, Borough of Manhattan, City of New York.

IN UNITED STATES DISTRICT COURT

[Title omitted]

ASSIGNMENT OF ERRORS

Now come the plaintiffs and appellants, Philip Hurn and Percy Morgan, Jr., in the above entitled cause and file the following assignment of errors upon which they will rely upon their prosecution of the appeal in the above entitled cause from the decree made and entered by this Court on the 22nd day of December, 1931.

[fol. 35] The Court erred in dismissing the bill of complaint upon the merits for the following reasons:

1st. The Court erred in holding that, in view of the conclusion reached by it of lack of copyright infringement, it was without jurisdiction to entertain the allegations in paragraph Fifteenth of the complaint as amended, and to admit in evidence any proof thereof, in so far as they were based upon claims other than a claim of violation of the Copyright Law of the United States.

2nd. The Court erred in holding that, in view of the conclusion reached by it of lack of copyright infringement, it was without jurisdiction to entertain the allegations of the complaint as amended, and to admit in evidence any proof thereof, in so far as the acts of the defendants complained of were in violation of the rights of the complainants at common law and in equity, and constituted unfair business practices and unfair competition as against the complainants herein.

Wherefore the appellants pray that the said decree be reversed and the said District Court for the Southern District of New York be ordered to enter a decree reversing

the decision of said Court in such cause, and that such other or further disposition may be made as in accordance [fol. 36] with the law and statutes of the United States in such matter made and provided.

All of which is respectfully submitted.

Dated New York, January 19, 1932.

Lorenz & Lorenz, Attorneys for Complainants and Appellants. Office & Post Office address: 165 Broadway, Borough of Manhattan, City of New York.

In United States District Court

[Title omitted]

Allowance of Appeal

On reading the petition of Philip Hurn and Percy Morgan, Jr., for appeal and consideration of the assignment of errors submitted herewith in the above entitled cause, it is [fols. 37 & 38] Ordered that the appeal as prayed for be and it is hereby allowed, and that a certified transcript of the record and the proceedings be forthwith transmitted to the Circuit Court of Appeals for the Second Circuit, and it is further

Ordered that an undertaking for costs and which shall also act as a supersedeas, in the sum of $2,504.32, be filed on the appeal, providing that the appellants shall prosecute their appeal to effect, or if they fail to make their appeal good, that they shall answer all damages and costs.

Dated New York, February 2, 1932.

Julian W. Mack, U. S. C. J.

Citation on Appeal omitted in printing.

[fol. 39] In United States District Court

[Title omitted]

Præcipe on Appeal

Sirs: Please take notice that the following is a Præcipe which indicates the portions of the record to be incorporated into the transcript on the appeal herein:

1. Statement prefixed to record, in form appended hereto;
2. Bill of Complaint (except certified photographic copy of "The Spider," as copyrighted, made a part thereof by paragraph Sixteenth;
3. Amendments to Complaint;
4. Findings of Fact and Conclusions of Law;
5. Decree dismissing Complaint on the Merits;
[fol. 40] 6. Petition for Appeal;
7. Assignment of Errors;
8. Allowance of Appeal;
9. Citation on Appeal;
10. This Præcipe and Order of Court thereon; and
11. Clerk's Certificate.

Dated February 15, 1932.

Yours, etc., Lorenz & Lorenz, Attorneys for Complainants-Appellants. Office and Post Office address: 165 Broadway, Borough of Manhattan, City of New York.

(Addressed to all attorneys of record.)

[fol. 41] In United States District Court

[Title omitted]

Order Granting Præcipe—March 26, 1932

The above complainants having filed a præcipe and the above defendants a counter-præcipe on the appeal herein, and the complainants, by notice dated March 7, 1932, having notified the defendants that they would submit to Judge Julian W. Mack, at his Chambers in the Woolworth Building, Borough of Manhattan, City of New York, the difference arising between the parties as to the general contents of the record to be prepared on the appeal, for directions from the Court on the subject, and the same having been duly submitted to the said Court on the 16th day of March, 1932, and after hearing Messrs. Lorenz & Lorenz, Keith Lorenz, Esq., of counsel, attorneys for the complainants [fol. 42] in support of the præcipe filed by the complainants, and Messrs. Hays, St. John, Abramson & Schulman,

Alan S. Hays, Esq., of counsel, attorneys for the defendant Fulton Oursler, Paul N. Turner, Esq., attorney for the defendant Lowell Brentano, and Messrs. O'Brien, Malevinsky & Driscoll, attorneys for the defendants Sam H. Harris and Albert Lewis, in support of the counter-præcipe filed by the defendants, and the Court having filed a memorandum on March 17, 1932, granting the præcipe proposed by the complainants;

Now, on motion of Messrs. Lorenz & Lorenz, attorneys for the complainants, it is

Ordered that the præcipe proposed by the complainants, indicating the portions of the record to be incorporated into the transcript on the appeal herein, be and the same hereby is granted.

J. W. Mack, U. S. C. J.

[fol. 43] IN UNITED STATES DISTRICT COURT

[Title omitted]

STIPULATION AS TO TRANSCRIPT OF RECORD

It is hereby stipulated and agreed that the foregoing is a true transcript of the record of the said District Court in the above entitled matter as ordered by the said Court on March 26th, 1932. This stipulation is made, however, without prejudice to the rights of the defendants to renew, at any time and in any Court, any and all their objections to the said order of the said Court denying the defendants' request for the inclusion of additional matters in this record as indicated in defendants' counter-præcipe, and defendants reserve any and all exceptions taken to the foregoing form and substance of this record.

Dated N. Y., April 18, 1932.

Lorenz & Lorenz, Attorneys for Complainants. Hays, St. John, Abramson & Schulman, Attorneys for Defendant Fulton Oursler. Paul N. Turner, Attorney for Defendant Lowell Brentano. O'Brien, Malevinsky & Driscoll Attorneys for Defendants Albert Lewis and Sam H. Harris.

[fol. 44] Clerk's certificate to foregoing transcript omitted in printing.

[fols. 45 & 45½] In United States Circuit Court of Appeals for the Second Circuit

Philip Hurn and Percy Morgan, Jr., Complainant-Appellants,

against

Fulton Oursler, Lowell Brentano, Albert Lewis, and Sam H. Harris, Defendants-Appellees

Appeal from the District Court for the Southern District of New York

Before Manton, Augustus N. Hand, and Chase, Circuit Judges

Lorenz & Lorenz, Esqs., Attorneys for Plaintiff. Joseph Lorenz, Esq., of Counsel.

Hays, St. John, Abramson & Schulman, Esqs., Solicitors for Oursler. Arthur Garfield Hays, Esq., Alan S. Hays, Esq., of Counsel.

O'Brien, Malevinsky & Driscoll, Esqs., Attorneys for Albert Lewis and Sam H. Harris. Arthur F. Driscoll, Esq., Benjamin Pepper, Esq., George D. Bradford, Esq., of Counsel.

Paul N. Turner, Esq., Attorney for Lowell Brentano.

Opinion

Per Curiam:

Decree affirmed on the authority of Standard Paint Co. v. Trinidad Asphalt Co., 220 U. S. 446; Ingrassia v. A. C. W. Mfg. Corp., 24 Fed. (2) 703 (C. C. A. 2); U. S. Bolt Co. v. Kroncke Hardware Co., 234 Fed. 868 (C. C. A. 7).

[fol. 46] In United States Circuit Court of Appeals, Second Circuit

Philip Hurn and Percy Morgan, Jr., Plaintiffs-Appellants,

vs.

Fulton Oursler et al., Defendants-Appellees

Appeal from the District Court of the United States for the Southern District of New York

Decree—Filed Nov. 14, 1932

This cause came on to be heard on the transcript of record from the District Court of the United States for the

Southern District of New York and was argued by counsel.

On consideration whereof, it is now hereby ordered, adjudged, and decreed that the decree of said District Court be, and it hereby is, affirmed, with costs.

It is further ordered that a Mandate issue to the said District Court in accordance with this decree.

Wm. Parkin, Clerk.

[fol. 47] [File endorsement omitted.]

[fol. 48] Clerk's certificate to foregoing transcript omitted in printing.

[fol. 49] SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed January 23, 1933

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Second Circuit is granted, and the case is assigned for argument immediately following No. 423, Levering & Garrigues Company et al. vs. Paul J. Morrin, Individually and as President of International Association of Bridge, Structural and Ornamental Iron Workers, et al.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

Endorsed on cover: File No. 37,262. U. S. Circuit Court of Appeals, Second Circuit. Term No. 565. Philip Hurn and Percy Morgan, Jr., petitioners, vs. Fulton Oursler, Lowell Brentano, Albert Lewis, and Sam H. Harris. Petition for a writ of certiorari and exhibit thereto. Filed December 23, 1932. File No. 37,262.

FILE COPY

DEC 23

CHARLES ELMORE

IN THE

Supreme Court of the United States

October Term, 1932

No. 565

PHILIP HURN and PERCY MORGAN, JR.

Petitioners

v.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS

Respondents

PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF

KEITH LORENZ
JOSEPH LORENZ
LOUIS W. MCKERNAN
Counsel for Petitioners

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IN THE

Supreme Court of the United States

October Term, 1932

No.

PHILIP HURN and PERCY MORGAN, JR.,
Petitioners,

against

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioners, Philip Hurn and Percy Morgan, Jr., respectfully pray for a writ of certiorari to the Circuit Court of Appeals for the Second Circuit to review a decree of that Court entered on November 14, 1932. A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith, in accordance with Rule 38 of this Court.

I

Summary and Short Statement of the Matter Involved

Nature of Suit and Decisions Below:

The matter presented to the Circuit Court of Appeals involved a single question of law, namely: whether the United States District Court for the Southern District of New York was without jurisdiction, in a case involving a claim of copyright infringement, which copyright was held to be valid, but not infringed, to consider also in the same suit a claim advanced in good faith, arising out of the same state of facts, for unfair competition and unfair practices, in the absence of diversity of citizenship.

The Circuit Court of Appeals, on November 7, 1932, rendered a *per curiam* opinion affirming a decree of the District Court dismissing the complaint, in the suit brought by the present petitioners (R. 45).

The complaint, with the amendments thereto, is based upon the alleged infringement of a copyrighted play written and owned by the complainants, called "The Evil Hour," by a play written and owned by two of the defendants and produced by all of them, entitled "The Spider," and upon unfair business practices and unfair competition committed against the complainants by the defendants in connection with the preparation and production of "The Spider."

The District Court, after a trial of the claim based upon copyright infringement, decided against the plaintiffs, and thereupon dismissed the complaint, refusing to entertain the allegations based upon claims other than violation of the Copyright Law of the United States, or to admit in evi-

dence any proof thereof, on the ground that, in view of the conclusion reached by it of lack of copyright infringement, it was without jurisdiction to do so (R. 29-30).

The findings of fact show that the complainants had a validly registered copyright upon their play (R. 26-27).

It also appears from the findings that the action was brought by the complainants herein in good faith and not in a fraudulent attempt to give jurisdiction to the District Court, nor with intent to have that Court decide this suit upon local or State questions only (R. 29).

The complaint as amended likewise discloses that the complainants' claim for copyright infringement and the claim of unfair competition and unfair business practices arise out of substantially the same state of facts.

The issue was solely one of jurisdiction. No appeal was taken from the Court's decision with respect to lack of copyright infringement, and the record in the Circuit Court of Appeals as settled by the District Court, included only the complaint, amended complaint, findings of fact and conclusions of law, besides purely formal papers (R. 39-42).

Subject-matter of the Litigation

The complaint as amended alleges that the complainants are the authors of a play called "The Evil Hour," which was copyrighted on or about August 26, 1924 (R. 5, 6). Subsequently, the play was revised; the play as revised was neither copyrighted nor published (R. 67, 68). The play, both in its copyrighted form and as revised, was submitted by complainants to the defendants Lewis and Harris, theatrical producers (R. 67, 68), and Lewis considered and discussed the production of said play (R. 8, 9).

The fundamental, particular and novel feature of the complainants' play, as alleged in the complaint as amended, is the holding of a spiritualistic seance on the stage *with the audience taking part therein,* and *assisting in the detection of a murderer,* supposed to be in the audience. This is accompanied by the use of various spiritualistic devices, manifestations, and trickery, and incidental fear-inducing "business" of a spirit seance (R. 16, 17).

During the period that Lewis had the complainants' play, and was considering its production, the defendants had copyrighted and were producing a play known as "The Spider" (R. 11, 12). "The Spider," as copyrighted and originally produced by the defendants, *contained none of these distinguishing aspects of the complainants' play; in fact, it had no spiritualistic seance of any kind or character* (R. 8). Instead of producing complainants' play, the defendants fundamentally changed the version of "The Spider" as copyrighted and as originally actually produced, appropriated and pirated the fundamental and novel aspects of "The Evil Hour" as above described; and incorporated in their play, not merely the primary idea of the presentation of a spiritualistic seance on the stage, with the audience participating in the seance, and with the purpose of detecting a murderer, supposed to be in the audience, but also introduced a substantial number of scenes, episodes, portions of dialogue and business, substantially identical with similar passages in "The Evil Hour" (R. 8, 12-20).

The complaint further alleges that the play was so produced with full knowledge on the part of the defendants that they had misappropriated and pirated said portions of "The Spider" from "The Evil Hour" (R. 7). These

acts of the defendants irreparably injured the complainants by killing the originality and novelty of the basic ideas of "The Evil Hour" and preventing the production of complainants' play (R. 10). Such action on their part constituted, it is alleged, a violation of the copyright laws of the United States, and unfair business practices and unfair competition as well, and were in violation of complainants' rights at common law and in equity (R. 24). The complainants accordingly asked for an injunction against the continued production of "The Spider" and for an accounting of profits (R. 21).

II

Reasons Relied Upon for the Allowance of the Writ of Certiorari

1. The decision of the Circuit Court of Appeals for the Second Circuit is in conflict with applicable decisions of this Court.

In *Moore* v. *New York Cotton Exchange,* 270 U. S. 593, the Supreme Court of the United States held that the Federal Court had jurisdiction to entertain a counterclaim interposed by the defendant (under Equity Rule 30) based upon *unfair business practices* of the complainant, notwithstanding that the complainant's suit, founded on an alleged violation of the Anti-Trust Laws of the United States, was dismissed on the merits; and notwithstanding also that said violation of a Federal statute constituted the sole ground for Federal jurisdiction. It is believed that the *Moore* case is exactly applicable to the case at bar. It is of no importance that the claim of unfair practices

of which the Court took cognizance in that case was one made by the defendant, rather than by the complainant. Equity Rule 30, moreover, conferred no jurisdiction which the Court otherwise would have lacked.

It has been repeatedly decided by this Court that the presence of a Federal question in a case is sufficient to vest a Federal Court with jurisdiction, and, having acquired it, that Court may decide the case on State or local questions only, even though it should determine the Federal question adversely to the complainants, or find it unnecessary to pass upon such question. This principle has been recognized by a line of decisions exemplified by *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175.

This Court has in patent and registered trade-mark cases refused to consider a claim of unfair competition in the same suit, but *only where the patent or registered trade-mark was invalid.* See *A. Leschen & Sons Rope Co.* v. *Broderick & Bascom Rope Co.*, 201 U. S. 166; *Elgin National Watch Co.* v. *Illinois Watch Case Co.*, 179 U. S. 665.

2. The Circuit Court of Appeals for the Sixth Circuit has rendered a decision upon the issues here involved in conflict with adjudications of the Circuit Court of Appeals for the Second Circuit.

In *Vogue Co.* v. *Vogue Hat Co.*, 12 Fed. (2d) 991, certiorari denied, 273 U. S. 706, the Circuit Court of Appeals for the Sixth Circuit held, in a suit brought by the complainant based on alleged infringement of a registered trade-mark and on unfair competition, that the District Court had jurisdiction to entertain allegations in the complaint based on unfair competition, even if diversity of citizenship were lacking, despite its conclusion that the complainant's registered trade-mark had not been in-

fringed. The Court expressly recognized in that case that its conclusion was in conflict with decisions of the Circuit Court of Appeals in the Second Circuit.

3. The question raised by this petition presents an important question of Federal law, which should be finally settled by this Court.

Although the principle involved seems to have been directly settled by the Supreme Court in *Moore* v. *New York Cotton Exchange, supra,* and inferentially by *Siler* v. *Louisville & Nashville R. R. Co., supra,* and similar cases, the decisions in the Circuit Court of Appeals for the Second Circuit create a situation which of necessity engenders multiplicity of suits concerning substantially the same facts. In jurisdictions like the Second Circuit, if a complainant in a suit involving a Federal statutory right such as a patent, trade-mark or copyright, desires, in the absence of diversity of citizenship, to rely both on infringement of his Federal right and unfair competition as well, he cannot do so in the State Court, because the latter would have no jurisdiction to determine the issues regarding the infringement of the patent, etc. The Federal Court, on the other hand, disclaims the right to try the unfair competition issue. If in either Court when suit is brought, the complainant loses on the one issue there raised, he necessarily must bring another suit in another forum to vindicate the other claim on which he relies. Where essentially the same facts are involved, this is certainly contrary to public policy. It must be borne in mind that an adjudication that particular facts do not constitute an infringement of a patent, trade-mark or copyright certainly does not determine that they do not constitute unfair competition.

WHEREFORE, your petitioners respectfully pray that a writ of certiorari be issued under the seal of this Court directed to the United States Circuit Court of Appeals for the Second Circuit, to the end that this cause may be reviewed and determined by this Court; that the judgment of the Circuit Court of Appeals be reversed, and that petitioners be granted such other and further relief as may seem proper.

KEITH LORENZ,
JOSEPH LORENZ,
LOUIS W. MCKERNAN,
Counsel for Petitioners.

New York, N. Y., December 19, 1932.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

I

The Opinions of the Courts Below

There was no opinion of the United States District Court for the Southern District of New York.

The opinion of the Circuit Court of Appeals for the Second Circuit is printed in the record (p. 45) and is not reported.

II

Jurisdiction

1. The date of the decree to be reviewed is November 14, 1932.

2. The decree was rendered in a suit in equity based upon the infringement of a validly registered copyright on a dramatic composition under the Copyright Act of March 4, 1909, as amended, which suit also included a claim based upon unfair competition and unfair practices, arising out of the same facts. Only the latter claim is in issue.

3. The Statute under which the jurisdiction of this Court is invoked is Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925.

III

Statement of the Case

The nature of the case is stated in the petition.

IV

Specification of Errors

The errors which the petitioners will urge are that the Circuit Court of Appeals for the Second Circuit erred:

1. In affirming the decree of the District Court dismissing the bill of complaint.

2. In affirming the decree of the District Court for the Southern District of New York, which held that, in view of the conclusion reached by said Court of lack of copyright infringement, it was without jurisdiction to entertain the allegations of the complaint as amended, and to admit any evidence in proof thereof, in so far as the acts of the defendants complained of constituted unfair business practices and unfair competition against the complainants (R. 29, 30).

V

Summary of Argument

The decision of the Supreme Court in *Moore* v. *New York Cotton Exchange*, 270 U. S. 593, is determinative of the issue herein involved. In that case, the defendant was allowed to establish a counterclaim based on complainant's unfair business practices, notwithstanding that the latter's suit, predicated on a violation of the Anti-Trust Laws (upon which Federal jurisdiction was based), was dismissed on the merits. It makes no difference that the claim for unfair practices was made in a counterclaim as distinct from a second cause of action in the complaint.

Equity Rule 30, permitting the interposition of a counterclaim, certainly confers no independent jurisdiction.

The principle of the line of cases exemplified by *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175, to the effect that the presence of a Federal question advanced in good faith in a case is sufficient to vest the United States District Court with jurisdiction, and, having acquired it, the case may be decided by that Court on State or local questions only, even though the Federal question should be decided adversely to the complainant, is likewise applicable. In *Leschen & Sons Rope Co.* v. *Broderick & Bascom Rope Co.*, 201 U. S. 166, and *Elgin National Watch Co.* v. *Illinois Watch Case Co.*, 179 U. S. 665, the Supreme Court in *dicta*, has stated that its jurisdiction to hear the unfair competition aspect of patent or trade-mark cases depends on whether or not the patent or trade-mark of the plaintiff *is valid*. The validity of the plaintiff's copyright in the case at bar is undisputed.

The decision herein of the Circuit Court of Appeals for the Second Circuit is directly contrary to that in *Vogue Co.* v. *Vogue Hat Co.*, 12 Fed. (2d) 991, in the Sixth Circuit.

The record discloses that the invocation of Federal jurisdiction in the present case was not made colorably or in bad faith, and it is clear that the claim of unfair competition and unfair practices rests on substantially the same state of facts as that based on alleged copyright infringement. Under the circumstances, to give effect to the decision of the Circuit Court of Appeals for the Second Circuit is to compel a multiple litigation of practically identical issues.

VI

ARGUMENT

POINT I

The decision of the Supreme Court in *Moore* v. *New York Cotton Exchange*, 270 U. S. 593, is determinative of the issue here involved.

In consideration of the question here at issue, the following points must be borne in mind:

(1) Although the District Court found that there was no infringement of complainants' copyrighted play, there is no dispute about the fact that their play was in fact copyrighted, and so entitled to protection by the Federal Courts. The District Court specifically so found (R. 26, 27).

(2) The invocation of Federal jurisdiction by virtue of the alleged violation of complainants' copyright was not done colorably with the purpose of giving jurisdiction to said District Court over complainants' other claims.

(3) The complainants' claim of unfair competition and unfair business practices arises out of substantially the same state of facts upon which the copyright infringement claim was predicated.

In *Moore* v. *New York Cotton Exchange*, 270 U. S. 593, a suit was brought under the Anti-Trust Laws of the United States, to have the defendant, the New York Cot-

ton Exchange adjudged a monopoly, and to restrain it and others from refusing to install a ticker and to furnish the Odd Lot Cotton Exchange, of which the plaintiff was president, with cotton quotations. The answer set up a counterclaim, pursuant to Equity Rule 30, to the effect that the Odd Lot Cotton Exhange was purloining quotations or receiving them from some person who was purloining them and giving them out to its members, and asked an injunction against the continuance of such unfair practices. Federal jurisdiction was "invoked under the Anti-Trust Laws of the United States." There was no diversity of citizenship. The Supreme Court held that, notwithstanding that the complaint was properly dismissed on the ground that no case was made under the Federal Anti-Trust Laws, an injunction nevertheless should be granted on the counterclaim. Objection was specifically made that, in view of the dismissal of the complaint, there was no jurisdiction over the counterclaim. The validity of this contention was denied by this Court. The Court, per Mr. Justice SUTHERLAND, said (p. 609):

> "Two classes of counterclaims thus are provided for: (a) One 'arising out of the transaction which is the subject-matter of the suit,' which must be pleaded, and (b) another 'which might be the subject of an independent suit in equity,' and which may be brought forward at the option of the defendant. We are of opinion that this counterclaim comes within the first branch of the rule; and we need not consider the point that, under the second branch, Federal jurisdiction independent of the original bill must appear, as was held in Cleveland Engineering Co. *v.* Galion Dynamic Motor Truck Co. (D. C.) 243 Fed. 405, 407."

The Court said further (p. 610):

> "The counterclaim sets up that, nevertheless, appellant is purloining or otherwise illegally obtaining them, and asks that this practice be enjoined. 'Transaction' is a word of flexible meaning. It may comprehend a series of many occurrences, depending not so much upon the immediateness of their connection as upon their logical relationship. The refusal to furnish the quotations is one of the links in the chain which constitutes the transaction upon which appellant here bases its cause of action. It is an important part of the transaction constituting the subject-matter of the counterclaim. It is the one circumstance without which neither party would have found it necessary to seek relief. Essential facts alleged by appellant enter into and constitute in part the cause of action set forth in the counterclaim. That they are not precisely identical, or that the counterclaim embraces additional allegations, as, for example, that appellant is unlawfully getting the quotations, does not matter. To hold otherwise would be to rob this branch of the rule of all serviceable meaning, since the facts relied upon by the plaintiff rarely, if ever, are in all particulars, the same as those constituting the defendant's counterclaim. Compare Xenia Branch Bank *v.* Lee, 7 Abb. Pr. 372, 390-394. And see generally, Cleveland Engineering Co. *v.* Galion Dynamic Motor Truck Co., *supra*, p. 408 (243 Fed.); Champion Spark Plug Co. *v.* Champion Ignition Co. (D. C.) 247 Fed. 200, 203-205."

The question involved is one of jurisdiction. A counterclaim is, of course, in the same category as an original suit. The Court had no independent jurisdiction over said counterclaim. Its jurisdiction depended solely on its power to hear the Federal claim as set forth in the complaint.

Equity rule No. 30 certainly did not enlarge the jurisdiction of the Federal Court, it merely stated a rule of practice (See *Cleveland Engineering Co.* v. *Galion D. H. Truck Co.*, 243 Fed. 405, 407; *Washington-Southern Co.* v. *Baltimore Co.*, 263 U. S. 629, 635). If the Federal Court has *power* to hear a *counterclaim* solely on the basis of the jurisdiction of the Court over the Federal matters raised by the complaint, certainly it must have the same power to entertain claims arising out of the same subject-matter when comprising a part of the plaintiff's claim, provided, of course, that jurisdiction in the first instance is properly vested in that Court.

On the question of the *power* of the Court, it would seem that the principle which this Court followed in the *Moore* case is equally applicable in the instant case.

In the present case, there is no doubt that the claims based on unfair competition and copyright infringement arise out of the same transactions.

It is interesting to note that the Circuit Court of Appeals has specifically applied the doctrine of the *Moore* case. In *Dickinson Tire & Machine Co.* v. *Dickinson, et al.*, 29 Fed. (2d) 493 (Circuit Court of Appeals for the Second Circuit), a suit was brought in the State Court and removed to the Federal Court, such removal being upheld on the ground that it was a cause "arising under the patent right or copyright laws of the United States." A counterclaim, arising out of the same subject matter, was interposed in said suit. *Notwithstanding that the patent suit was decided adversely to the complainant*, and that no independent action could have been brought in the Federal Court on the counterclaim, the Circuit Court of Appeals sustained a judgment in favor of the defendant

based on the counterclaim. The Court said, per SWAN, *C. J.* (p. 495):

> "Consequently there is no doubt that the court had jurisdiction of the original bill. *Its jurisdiction to decide the counterclaim arising out of the subject matter of the suit is equally clear.* See *Moore* v. *New York Cotton Exchange*, 270 U. S. 593."

POINT II

The principle of *Siler* v. *Louisville & Nashville Railway Co.* is likewise applicable to the present case where Federal jurisdiction is acquired by an alleged violation of the copyright law, and where the claim of unfair competition and unfair practices arises out of the same general state of facts as the alleged copyright violation.

It has been repeatedly decided by the Supreme Court of the United States that the presence of a Federal question in a case is sufficient to vest a Federal Court with jurisdiction, and, having acquired it, that Court may decide the case on State or local questions only, even though it should determine the Federal question adversely to the complainant, or find it unnecessary to pass upon such question.

In *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175, the claim was made that the promulgation by a State Railway Commission of certain rates were in violation of the Federal Constitution. The Supreme Court held that the Commission had no authority under the State statute to promulgate said rates. The Court said (p. 191):

> "The Federal questions, as to the invalidity of the State Statute because, as alleged, it was in violation of the Federal Constitution, gave the Circuit

Court jurisdiction, and having properly obtained it, that Court had the right to decide all the questions in the case, even though it decided the Federal questions adversely to the party raising them, or even if it omitted to decide them at all, but decided the case on local or state questions only."

"This Court has the same right, and can if it deem it proper, decide the local questions only, and omit to decide the Federal questions, or decide them adversely to the party claiming that benefit. Homer *v.* United States (No. 2), 143 U. S. 570, 576; Tallbrook Irrigation Dist. *v.* Bradley, 164 U. S. 112, 154; Penn Mutual Life Insurance Co. *v.* Austin, 168 U. S. 685, 694; Burton *v.* United States, 196 U. S. 283, 295; Williamson *v.* U. S., 207 U. S. 425; People's Savings Bank *v.* Layman, 134 Fed. Rep. 635; Michigan Railroad Tax Cases, 138 Fed. Rep. 223."

The Supreme Court, in applying the said principle, has either passed upon the State questions only, without a consideration of the Federal questions, as in the *Siler* case, or has passed upon both the State and Federal questions.

Louisville & Nashville R. R. Co. v. *Quin,* 235 U. S. 601, 604;

Ohio Tax Cases, 232 U. S. 576, 587;

Southern R. R. Co. v. *Watts,* 260 U. S. 519, 522;

Green v. Louisville & Interurban R. R. Co., 244 U. S. 499, 522;

Michigan Central R. R. v. *Vreeland,* 227 U. S. 59, 63, 64.

It has been held that the principle of the *Siler* case is applicable to cases involving alleged infringements of trade-marks or patents, and unfair competition as well, subject to the limitations in most cases that (a) the Federal jurisdiction must have been invoked in good faith,

(b) the patent or trade-mark relied upon must be valid, and (c) the unfair competition aspect of the case must arise out of substantially the same state of facts as the alleged patent infringement. The three elements in the present case above noted, come within the scope of these limitations. There is, of course, no difference where the question involves a copyright as distinct from a trade-mark or patent. The Supreme Court in a number of cases has in *dicta* supported the principle above set forth.

In *A. Leschen & Sons Rope Co.* v. *Broderick & Bascom Rope Co.*, 201 U. S. 166 (1905), the complaint set forth an alleged infringement of complainant's trade-mark and also stated facts showing unfair competition by the defendant. The Supreme Court held that the Federal Court had no jurisdiction because the complainant's trade-mark based primarily on a distinctive color was not valid, but said (p. 172):

> "Nor can we assume jurisdiction if this case as one wherein the defendant had made use of plaintiff's device for the purpose of defrauding the plaintiff and palming off its goods upon the public as of the plaintiff's manufacture. *Our jurisdiction depends solely upon the question whether plaintiff has a registered trade-mark, valid under the Act of Congress, and for the reasons above given, we think it has not.*"

The same principle seems to have been announced in *Elgin National Watch Co.* v. *Illinois Watch Case Co.*, 179 U. S. 665, where the Court said (p. 677):

> "It is to be observed however that the question we are considering is not whether this record makes out a case of false representation or perfidious dealing, or unfair competition, but whether appellant

> had the exclusive right to use the word 'Elgin' as against all the world. Was it a lawfully registered trade-mark? *If the absolute right to the word as a trade-mark belonged to appellant then the Circuit Court had jurisdiction under the statute to award relief for infringement, but if it were not a lawfully registered trade-mark* then the Circuit Court of Appeals correctly held that the jurisdiction could not be maintained."

It is interesting to note that it appears that in the briefs submitted by counsel in the Supreme Court in connection with both of the above cases, no contention of jurisdiction based upon a claim of unfair competition was made.

The excerpts from these Supreme Court decisions have been cited as *dicta,* of course. In the *Leschen* and *Elgin* cases the respective trade-marks relied upon were held invalid and the Court decided that *therefore* it had not jurisdiction as to the unfair competition aspects of those cases. The determination of the validity of the trade-mark in the first instance is a prerequisite to jurisdiction. The necessary inference from the language quoted is that if the validity of the trade-marks had been sustained, the Court would have had jurisdiction over the unfair competition aspect of the cases as well. Otherwise, the language would have no pertinence. If the Federal Court *in no event* would have jurisdiction over the claims based on unfair competition, it was wholly superfluous to state that there was no jurisdiction *by virtue of the invalidity of the trade-marks.* It would have been sufficient to say that there was no diversity of citizenship. This is particularly true as the language in question was used in connection with the question of jurisdiction over the unfair competition aspects in those suits.

Whether or not the *valid* trade-mark or patent was actually infringed is of no more importance than the question in the *Siler* case of whether or not the constitutional right invoked had actually been violated.

A full discussion of the principles and authorities appears in the case of *Vogue Co.* v. *Vogue Hat Co.*, 12 Fed. (2d) 991, certiorari denied, 273 U. S. 706. In that case the Circuit Court of Appeals for the Sixth Circuit held in a suit based on alleged infringement of a registered trade-mark and on unfair competition, that the District Court had jurisdiction to entertain allegations in the complaint based on unfair competition, even if diversity of citizenship were lacking, despite its conclusion that the complainant's registered trade-mark had not been infringed.

The Circuit Court of Appeals in its memorandum in the present case cites in support of its decision *Standard Paint Co.* v. *Trinidad Asphalt Co.*, 220 U. S. 446. In that case, the Court considered the *Leschen* case and quoted the extract from the opinion therein above set forth. This case was discussed in the *Vogue* case, *supra,* as follows (p. 994):

> "So, also, we are now cited to Standard Co. *v.* Trinidad Co., 220 U. S. 446, 31 S. Ct. 456, 55 L. Ed. 536; but that case is not helpful here. The point decided was that, where there was diverse citizenship in a case based upon a registered trade-mark and unfair competition, the jurisdiction of the District Court was not so entirely dependent on the diverse citizenship, even after a decision that the registry was invalid, so as to make the decision of the Circuit Court of Appeals final under sections 128 and 241 of the Code, being Comp. St. Secs. 1120, 1218 (in their then current form). The implications as to what would have been the result, if there had been no diverse citizenship, are too indefinite for positive application here."

There exists no good reason why a plaintiff who has a claim based upon violation of a patent or violation of a copyright and another claim founded on unfair competition should be required to bring several suits. If he wishes to rely upon both grounds, he cannot avoid the necessity of two suits by suing in the first instance in the State Court. If he follows that course, the State Court will, of course, refuse to entertain the suit based on infringement of the patent or copyright, because of lack of jurisdiction. It will be remembered that a given set of facts, although not sufficient to satisfy the technical requirements necessary to show an infringement under the Copyright Law, may nevertheless establish those elements of unfairness required to prove unfair competition. The weighty considerations in favor of the elimination of a multiplicity of suits need no repetition here. But the public policy involved becomes of almost irresistible force when, as in the case at bar, the lower Court's decision in this case requires, not merely the prosecution of several litigations, but, as the subject-matter of the suits and the proof to be adduced are substantially identical, a multiple litigation of *practically identical* issues.

CONCLUSION

For the foregoing reasons, this Court should grant the petition of certiorari to review the decree of the Circuit Court of Appeals for the Second Circuit.

Respectfully submitted,

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IN THE

Supreme Court of the United States

October Term, 1932

No. 565

PHILIP HURN and PERCY MORGAN, JR.

Petitioners

against

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS

Respondents

PETITIONERS' REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

KEITH LORENZ
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POINT I

The recent decision of the Supreme Court of the United States, in *Levering & Garrigues Co.* v. *Morrin*, 53 (No. 3) Supreme Court Reporter, Advance Sheets (Dec. 1, 1932) 118, is determinative of the right to a writ of certiorari herein.

In the case above mentioned, recently reported in the Advance Sheets, the Supreme Court granted a petition for a writ of certiorari, where federal jurisdiction was invoked by virtue of an alleged violation of the Interstate Com-

merce Act and the Federal Anti-Trust Laws. The lower court, having found that there was no diversity of citizenship and that no right under these federal statutes had been violated, refused to entertain a claim based upon alleged illegal acts under the state law, including an attempt to effect a boycott of the plaintiffs through threats and intimidation. The Supreme Court granted the petition for the writ, on the precise question of jurisdiction here involved. The decision states:

> "Petition for writ of certiorari to the United States Circuit Court of Appeals for the Second Circuit granted limited to the question of Federal jurisdiction other than questions relating to diversity of citizenship."

The present petition presents an even stronger case for the issuance of a writ, in view of the fact that here the invocation of federal jurisdiction was indisputably made in good faith and not colorably. The District Court expressly so found (R., p. 29). In the *Levering* case, on the other hand, the Circuit Court of Appeals for the Second Circuit, said in its opinion (p. 120):

> "Concededly the alleged claim of federal jurisdiction must be substantial and not frivolous. * * * It may well be doubted whether the plaintiffs' claim under the Anti-Trust Laws could be deemed substantial."

POINT II

Respondents' contention that the principle of *Siler* v. *Louisville & Nashville Railway Co.*, 213 U. S. 175, is limited to cases in which constitutional questions are involved is unfounded.

In each of the respective briefs filed on behalf of the various respondents, the contention is made that the principle of the *Siler* case is limited to situations in which the Federal Constitution is involved. Although the issue usually arises in constitutional questions, the Supreme Court has never so far as we have been able to ascertain limited or purported to limit the doctrine thereto. In practically all of the cases the question upon which jurisdiction is granting is referred to as a "*federal*" question, and not necessarily as a *constitutional* one. The principle has certainly, moreover, been applied in cases in which a federal statute as distinct from the constitution was involved. Thus in *Federal Reserve Bank of Kansas City* v. *Omaha National Bank of Omaha,* 45 Fed. (2d) 511, in which the principle of the *Siler* case was applied, the federal question upon which jurisdiction was invoked rested on Sec. 5242 of the Revised Statutes, prohibiting the transfer by national banks under certain circumstances of notes, bonds, bills of exchange, etc. See also *General Investment Co.* v. *Lake Shore, etc., R'y Co.,* 269 Fed. 235, at page 241, affirmed with modification unimportant here, 260 U. S. 261.

POINT III

The contention made in respondents' briefs that there is no conflict of decisions between different circuits on the issue here involved is without validity.

The Circuit Court of Appeals for the Sixth Circuit in *Vogue Co.* v. *Vogue Hat Co.*, 12 Fed. (2d) 991, 995, expressly stated that:

> "We do not overlook that this conclusion seems to be in conflict with that of the Circuit Court of Appeals in the Second Circuit as stated in Bernstein *v.* Danwitz, 190 Fed. 604, 605, but we cannot be content to accept the view there stated."

The Second Circuit, in the case of *Levering & Garrigues Co.* v. *Morrin*, 61 Fed. (2d) 115, in which the petition for a writ of certiorari has recently been granted as above stated, likewise recognized the conflict. The court said (p. 120) that its decision

> "Must, indeed, be recognized as scarcely consistent with some of the views expressed in Judge Dennison's learned opinion in Vogue Co. *v.* Vogue Hat Co."

Counsel for the respondents repeatedly assert that the ruling in this connection in the *Vogue* case was merely dictum. The opinion clearly discloses that the court's decision rested on two grounds, one of which was the principle involved herein.

POINT IV

Respondents' contention that the question is moot because the complaint does not disclose a cause of action based on unfair practices or unfair competition is likewise without foundation.

It should be noted that both the District Court and the Circuit Court of Appeals expressly rested their determination solely on lack of jurisdiction and not upon a failure to set forth a cause of action based on unfair practices and unfair competition (R., pp. 29, 30, 45).

Respondents' contention in this regard seems to rest on several grounds. Thus they contend that the plaintiff must establish a "palming off" or deception of the public (brief of respondent Oursler, p. 8; brief of respondent Brentano, p. 7). The authorities are clearly opposed to this view.

In the leading case of *International News Service* v. *Associated Press,* 248 U. S. 215, the court said, per Mr. Justice PITNEY (p. 236):

> "Obviously, the question of what is unfair competition in business must be determined with particular reference to the character and circumstances of the business. *The question here is not so much the rights of either party as against the public but their rights as between themselves.* See Morison *v.* Moat, 9 Hare, 241, 258. * * *."

The court said further (p. 241):

> "It is said that the elements of unfair competition are lacking because there is no attempt by

> defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition. Howe Scale Co. *v.* Wyckoff, Seamans & Benedict, 198 U. S. 118, 140. But we cannot concede that the right to equitable relief is confined to that class of cases. In the present case the fraud upon complainant's rights is more direct and obvious. Regarding news matter as the mere material from which these two competing parties are endeavoring to make money, and treating it, therefore, as quasi property for the purposes of their business because they are both selling it as such, defendant's conduct differs from the ordinary case of unfair competition in trade principally in this that, instead of selling its own goods as those of complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own."

In *Fendler* v. *Morosco,* 253 N. Y. 281, the court said, per Chief Judge CARDOZO (p. 291):

> "We are not now considering whether the defendant Tully made a *fair* use of plaintiff's play. Since plaintiff had not published or produced her play, perhaps any use that others made of it might be *unfair.* Perhaps a wrong was committed if the defendant Tully even read the play. This action is not brought to redress such wrong."

In the case of *Fisher* v. *Star Company,* 231 N. Y. 414, the theory of unfair competition was used to give protection far beyond that accorded by the copyright laws. The court granted an injunction in that case which reserved the exclusive right to draw Mutt and Jeff cartoons to the

creator thereof, though the series had at first been published without any copyright protection whatever, and although the trade-mark law was not invoked. The court said (p. 427):

> "The courts are not confined in the exercise of their equitable powers to preventing unfair competition among the manufacturers of and dealers in goods. The controlling question in all cases where the equitable power of the courts is invoked is, whether the acts complained of are fair or unfair. The determination of this appeal depends first and primarily upon the facts."

In the recent case of *Booth* v. *Stutz Motor Car Company*, 56 Fed. Rep. (2) 962, decided on March 16, 1932, the Circuit Court of Appeals for the Seventh Circuit held that a designer who confidentially communicated his plans for the design of an automobile to an automobile manufacturer with the purpose of having the manufacturer adopt such design, was held to be entitled to an accounting of damages and profits to the extent that the novel features of such design were subsequently incorporated by the automobile manufacturer in its cars, although it informed the plaintiff that it was unable to use them. The court granted this relief notwithstanding that the plaintiff's patents covering said designs were held to be invalid. The court said (p. 968):

> "It is apparent from the evidence that the arrangement of the Stutz car was in many ways similar, effecting for it an 'eye appeal' much like that of the Booth car. Notwithstanding dissimilarities in many of the corresponding parts, the general resemblance is far too marked to warrant the

> conclusion that the Booth designs did not quite substantially enter into the Stutz car.
>
> To the extent, therefore, that the Booth plans, communicated in confidence to Stutz, did enter into the design of the Stutz car, Stutz did inequitably appropriate those plans and should account to Booth therefor."

In *Jenkins* v. *News Syndicate Co.*, 128 Misc. 284 (219 N. Y. Supp. 196), the plaintiff and defendant, which published The Daily News, were engaged in negotiations regarding the writing by the plaintiff of several articles for publication with reference to social entertainments; a representative of the defendant conferred with the plaintiff with regard to the latter's plans for the form and substance of these articles including the ideas and opinions of the plaintiff with respect to the subject-matter thereof. The plaintiff gave the defendant's representative a synopsis of such ideas and subject-matter. The plaintiff subsequently decided that she would not write the articles and refused to consent to their publication. The defendant, nevertheless, published an article containing substantially an accurate reproduction of the form and substance of the articles discussed by the parties. The complaint was held to state a cause of action for money damages.

Nims, in his work on Unfair Competition, in the Introduction to the second edition, states (3rd edition, 1929, p. VIII):

> "The law of Unfair Competition might well be called the book of rules of the business game. It gives far greater protection against unfair practices used in competition than is realized by the average business man. It is still in its infancy.

> Its possibilities of growth and effectiveness are almost unlimited. *It started by regulating only one unfair practice, viz.: substitution, or the act of offering or selling one brand of goods when the buyer asked for another brand. Today its principles are being applied to most commercial practices that are unfair, or, as the French law terms it, disloyal.*"

See also

> *Board of Trade* v. *Christie Grain Co.*, 198 U. S. 236;
> *Fonotipia Limited* v. *Bradley*, 171 Fed. 951;
> *Meyer* v. *Hurwitz*, 5 Fed. (2d) 370, aff'd 10 Fed. (2d) 1019.

Respondents also make the contention that the adjudication that there was no copyright infringement likewise constitutes a conclusion that there were no unfair practices or unfair competition. This is obviously unsound. It is, of course, clear that under the decisions involving the Copyright Law the evidence required to show infringement is very meticulous with respect to proof of exact copying of matter or "sequence of events." On the other hand, in a case involving unfair competition or unfair practices, it is the *unfairness* of the defendant's acts, as the cases above stated show, that is of primary importance. In other words, the same general facts may form the basis for both claims, but the significance and inferences to be drawn therefrom are different. Although the use of the seance idea in this case may not have involved such an exact copying of the plaintiffs' play as to constitute a copyright infringement, its appropriation by the defendants while they had complainants' unpublished play

under consideration for production, and its insertion *as a dominant element* in another play, which the defendants were then producing and which theretofore had contained no such element, certainly constitutes unfair practices and a violation of plaintiffs' rights. Such an appropriation by defendants killed the novelty and effectiveness of complainants' play, and completely prevented its subsequent production or success (see petition, pp. 3-5).

The Copyright Law itself expressly recognizes the rights of authors of unpublished works wholly outside the remedies allowed by said law. Section 2 of the Copyright Law (Act of March 4, 1909, as amended) provides as follows:

> "Sec. 2. That nothing in this Act shall be construed to annul or limit the right of an author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication *or use* of said unpublished work without his consent and to obtain damages therefor."

Respectfully submitted,

KEITH LORENZ,
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Counsel for Petitioners.

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CHARLES ELMORE

IN THE

Supreme Court of the United States

October Term, 1932.

No. 565

PHILIP HURN and PERCY MORGAN, JR.,
Petitioners,

vs.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

HAYS, ST. JOHN, ABRAMSON & SCHULMAN,
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IN THE

Supreme Court of the United States,

OCTOBER TERM, 1932.

No.

PHILIP HURN and PERCY MORGAN, JR.,

v.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

BRIEF FOR THE RESPONDENT FULTON OURSLER IN OPPOSITION.

Opinions Below.

The *per curiam* opinion of the Circuit Court of Appeals (R. 45) has not been reported.

Jurisdiction.

This appeal is taken from the decree of the Circuit Court of Appeals which was entered on November 14th, 1932. Pe-

tition for certiorari was filed on December 22, 1932. Jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by the Act of February 13th, 1925.

Question Presented.

The question is whether the Circuit Court of Appeals was correct in affirming that portion of the decree of the District Court which held that the Court was without jurisdiction to entertain a count of unfair business practice and unfair competition in a copyright infringement case where there was found to be no infringement and where there is no diversity of citizenship.

Statement.

The petitioners alleged copyright infringement and unfair competition with respect to a dramatic composition composed by them and entitled "The Evil Hour." It was alleged that a drama entitled "The Spider", composed and produced by the respondents, was in certain respects an appropriation of "The Evil Hour."

The complaint relied upon two versions of "The Evil Hour", one of which was protected by statutory copyright (R. 5 and 26), the other of which was not (R. 23-25 and 28). The version of the respondents' play "The Spider" which was complained of was not protected by statutory copyright (R. 12 and 28).

There was no diversity of citizenship between the parties (R. 26).

The District Court found that the respondents' play "The Spider" did not infringe in any way the petitioners' copyright (R. 29).

The District Court also concluded that in view of the lack of copyright infringement the court was without jurisdiction to entertain allegations with respect to unfair competition

and to admit in evidence any proof thereof, in so far as such was based upon claims other than a claim of violation of the Copyright Law (R. 29-30).

The petitioners appealed to the Circuit Court only on the question as to whether or not the District Court had jurisdiction to entertain the alleged cause of action of unfair competition; no appeal was taken from the finding of lack of infringement (R. 35).

The Circuit Court affirmed the decree of the District Court (R. 45).

The issue is whether, in the absence of diversity of citizenship and after a finding of a lack of copyright infringement, a federal court has jurisdiction to entertain a count of unfair competition between (a) a copyrighted literary composition and an uncopyrighted literary composition, and (b) two uncopyrighted literary compositions.

ARGUMENT.

POINT I.

In the absence of diversity of citizenship, the Federal Courts lack jurisdiction to entertain a count of unfair competition when coupled with a count of copyright infringement where the Court finds no infringement.

The respondents contend that the decisions below were correct because the Federal Courts, created solely by statute, cannot exercise a jurisdiction not conferred upon them by law. The parties here are residents of the same state. Jurisdiction depends solely upon the alleged infringement of copyright. The charge of infringement having failed, and the sole federal question having therefore been disposed of, the law is clear that the petitioners have no further standing in court on the common law question of unfair competition.

In *Standard Paint Company* v. *Trinidad Asphalt Manufacturing Company,* 220 U. S. 446, the court said, at page 460:

> "The opposite parties to the suit are citizens of different States, and while this diversity of citizenship was not necessary to give the Circuit Court jurisdiction of the case in so far as it involved the validity of the trade-mark, it was necessary to give the court jurisdiction of the issue of unfair competition."

See also:

Kasch v. *Cliett,* 297 Fed. 169;
Mallinson v. *Ryan,* 242 Fed. 951;
U. S. Expansion Bolt Co. v. *H. G. Kroncke Hardware Co.,* 234 Fed. 868;
Davids Co. v. *Davids,* 192 Fed. 915;
Bernstein v. *Danwitz,* 190 Fed. 604;
Hutchinson, Pierce & Co. v. *Loewy,* 163 Fed. 42;
Keasby Co. v. *Cary Mfg. Co.,* 113 Fed. 432;
Burt v. *Smith,* 71 Fed. 161.

We quote as particularly *apropos* the following from *Kasch* v. *Cliett* (*supra*), at page 171, in which judgment on a decree refusing a preliminary injunction in a case involving allegations of infringement of a trade-mark registered under the acts of Congress and unfair competition respecting the use of such trade-mark, was affirmed:

> "A jurisdiction assumed because of a substantial federal question may require the decision of other questions which control the controversy, regardless of what decision is given the federal question, or whether it is decided at all. Siler v. L. & N. R. Co., 213 U. S. 175, 29 Sup. Ct. 451, 53 L. Ed. 753; Greene v. Louisville & Interurban R. R., 244 U. S. 499, 37 Sup. Ct. 673, 61 L. Ed. 1280, Ann. Cas. 1917 E. 88. But where, as in this case, the entire jurisdiction is limited to the one subject-matter of a case arising under section 16 of the Act of 1905, and that case fails, it would on its face be an unwarranted extension of jurisdiction to attempt to deal with

> an entirely different cause of action arising under the common law or state laws, such as for unfair competition or infringement of a trade-mark within a single state."

The rule of which the petioners complain, and which we believe to be the true rule, was recently expressed by the Circuit Court of Appeals for the Second Circuit in *Ingrassia v. A. C. W. Mfg. Corporation* (1928) 24 Fed. (2d) 703, where the court said, at page 704:

> "This court and the District Courts of this Circuit have consistently held that, in the absence of diversity of citizenship between the litigants, a patent infringement suit or a statutory trade-mark infringement may not be joined with a suit for unfair competition in trade. * * * The cause of action as to unfair competition was properly dismissed."

It seems settled, beyond doubt, therefore, that the court will not take cognizance of a count for unfair competition in the situation at bar.

POINT II.

There is no conflict between the Circuits.

The petitioners claim that a conflict exists between the Second Circuit and the Sixth Circuit by reason of the decision in *Vogue Co.* v. *Vogue Hat Co.*, 12 Fed. (2d) 991, certiorari denied, 273 U. S. 706, that case being in the Sixth Circuit. The court there does speak of a conflict with the view held in the Second Circuit. However, the conflict does not seem to be substantial or real, because in the *Vogue* case the argument stated to be in conflict was *dictum* and not at all necessary to the decision. The suit was for trade-mark infringement and unfair competition. Plaintiff and defendant were citizens of *different* states. A second defendant, of the same citizenship as plaintiff, voluntarily intervened and

took over the active defense. The issues of both infringement and unfair competition were tried in the District Court without objection by defendant. It was on these facts that the court based its decision. At page 992, the court, citing *Wichita* v. *Commission*, 260 U. S. 48, in deciding that the necessary diverse citizenship existed despite the aforesaid intervention, said:

> "Here there was equally complete jurisdiction by diverse citizenship over both grounds of the controversy which the plaintiff presented by its bill."

Again, at page 992, the court said:

> "* * * after its voluntary appearance in the case and litigating to the end upon the merits, this defendant cannot be heard to question the power of the court to decide the very question which has been so litigated."

Closing its discussion of these two points, the court said, at page 992:

> "Our disposition of the present application might rest upon what has been said * * *."

In fact, the Circuit Court for the Second Circuit has pointed out that the *Vogue* case is not in conflict with its view. In *Levering & Garrigues Co.* v. *Morrin*, 61 Fed. (2nd) 115, there being a lack of diversity of citizenship, the court decided that it lacked jurisdiction to rule upon a common law question concerning boycott, even though there had been a federal question in the case, such question having been decided adversely to the plaintiff. The court said, at page 120:

> "Judge Denison, anticipating his view expressed in Vogue Co. v. Vogue Hat Co., supra, did invoke the Siler case, but even then as a dictum, because he thought that federal jurisdiction existed quite independently ([C. C. A.] 269 F. 235, 241), just as the Supreme Court did. The case does not, therefore, stand against our view."

The gist of the *dictum* in the *Vogue* case, expressed at page 995, is as follows:

> "Accordingly we conclude that since the acts which in this case constitute the claimed infringement of a registered trade-mark and the claimed unfair competition are, at least in sufficient degree, the same acts, and, since it is to be assumed that the trade-mark registry was valid, the court had jurisdiction to enjoin the unfair competition, although it had decided that the registered trade-mark was not infringed; and this is perhaps particularly true because our findings of lack of infringement was based only on the circumstance that the articles marked were not of the same descriptive quality as the registered mark."

Even assuming the soundness of this view, the case at bar is not analogous, since there is nothing to show any appropriation whatever of the petitioners' composition and because there is nothing, in fact, to show that the acts relating to the alleged unfair competition would be the same or substantially the same as the acts relied upon relating to the alleged infringement.

Indeed, it seems likely that no case involving copyright infringement and unfair competition could be analogous to a case involving trade-mark infringement and unfair competition.

The *Vogue* case was a trade-mark case. This case is one of copyright infringement. Granting that in some respects, these two types of case are analogous, there is no analogy with regard to the aspect under discussion. In trade-mark cases the proof is almost bound to be substantially identical on the questions of infringement and unfair competition. In copyright infringement cases, that is not so. The *Vogue* case and the present case clearly illustrate this point. In the *Vogue* case the proof as to both counts disclosed "in sufficient degrees, the *same* acts." (Italics ours.) In the case at bar, however, the trial court found no infringement as to plot, material, arrangement or sequence of events, incidents or

otherwise (R. 29). To prove unfair competition, the petitioners would have to make out an entirely new case. *Some* appropriation would have to be shown and also a deception of or palming off on the public. The same reasoning applies to patent cases as to suits involving trade-marks. Therefore, even if the trade-mark and patent cases cited by the petitioners stand for the proposition which the petitioners say they do, they do not seem to be decisive of the present matter.

The petitioners point to the fact that certiorari was denied in the *Vogue* case, but it is believed that such denial was based upon the facts in the case and did not constitute an expression of approval of the *dictum* respecting jurisdiction.

POINT III.

The cases relied on by the petitioners do not sustain their contention.

The petitioners rely on the case of *Moore* v. *N. Y. Cotton Exchange,* 270 U. S. 593. In that case the plaintiff sued under the Anti-Trust Laws and the defendant interposed a counterclaim on a common law question. There was no diversity of citizenship. Upon the trial the complaint was dismissed and the relief asked for in the counterclaim was granted, the court retaining jurisdiction under Equity Rule 30. In that case it was the plaintiff who contested the jurisdiction, but, of course, the plaintiff could not complain of the determination adverse to himself of a controversy by a court which he himself had chosen as the forum in which to prosecute his original claim.

The petitioners rely upon another line of cases, exemplified by *Siler* v. *Louisville & Nashville Railroad Co.,* 213 U. S. 175. These cases all involve constitutional questions and are in a class by themselves, so that they cannot be considered as analogies in the present situation. That the power exercised by the court in these cases is perhaps unique, is illus-

trated by the decision in *Levering & Garrigues Co.* v. *Morrin*, 61 Fed. (2d) 115, where the court said, at page 119:

> "When a complaint challenges the validity of a state statute as infringing the Federal Constitution, questions depending upon the local law, such as the true interpretation of the statute, or its validity under the State Constitution, underlie the very foundation of the plaintiff's cause of action. Such questions are necessarily involved in the controversy presented to the federal court. Compare Barney v. City of New York, 193 U. S. 430, 24 S. Ct. 502, 48 L. Ed. 737, which, in so far as it implies the contrary, apparently is no longer the law. Raymond v. Chicago Union Traction Co., 207 U. S. 20, 28 S. Ct. 7, 52 L. Ed. 78, 12 Ann. Cas. 757; Home Tel. & Tel. Co. v. Los Angeles, 227 U. S. 278, 33 S. Ct. 312, 57 L. Ed. 510; Iowa-Des Moines Nat. Bank v. Bennett, 284 U. S. 239, 246, 52 S. Ct. 133, 76 L. Ed. 265. See 40 Harv. L. Rev. 969. The court must have power to decide these preliminary questions in order to reach the ultimate question involving the Federal Constitution, and it may well place its decision upon such local grounds rather than the federal one if it prefers to avoid a decision of the latter, or even though it does decide it and adversely to the plaintiff. Such, if we understand it, is the ratio decidendi of the Siler Case and the others following it where a substantial federal constitutional question is asserted. When, however, the complaint charges the defendant with conduct alleged to violate both a federal statute, such as the Trade-Mark or Patent Act, and also the local law as to unfair competition, the local question is independent of the federal question and is in no sense the foundation of the plaintiff's asserted federal right. Hence, if the latter is found not to exist, there is no basis for ascribing to the court a jurisdiction to decide the independent nonfederal question."

We believe that the case of *Dickinson Tire & Machine Co.* v. *Dickinson et al.*, 29 Fed. (2d) 493, cited by petitioners, is not an authority in this case, since the counterclaim in the *Dickinson* case, involving a claim to a patent, would have been the proper subject of an independent federal action.

POINT IV.

There is no hardship in this case which the petitioners could not have prevented.

The issue here is clear-cut. Merely because a suit involving a federal question is adjudicated by a federal court, does such a court thereby automatically acquire the *power* to hear and pass on a common law question in a dispute between citizens of a single state, when such power has not been conferred upon it by the law which is the sole fountain-head of its authority? We contend manifestly not. In trade-mark and patent cases the courts have sometimes entertained a count of unfair competition, but in such cases, the court was invariably guided in part by the hardship which a remission to the state courts would thrust upon a plaintiff *whose claim of unfair competition had already been litigated.*

It is worth noting that the petitioners cite no cases (and it is believed that none can be found) in which, in the absence of diversity of citizenship, (a) a count for unfair competition was entertained in a suit involving *copyright* infringement, and (b) in which a cause was remanded for a new trial on the sole ground of unfair competition.

The petitioners in their brief make argument concerning hardship. But there was nothing to prevent them, when this infringement suit was started, from commencing an action in the state court on the sole question of unfair competition.

POINT V.

This is not a proper case in which to resolve any possible conflict which may exist with respect to unfair competition in trade-mark and patent cases.

Even if there were a conflict in the Circuits representing the jurisdiction of the federal courts to entertain allegations respecting unfair competition in trade-mark and patent infringement cases, we believe that it is unfair and unsound to ask this court to settle such conflict by a case involving not trade-marks or patents, but copyrights in which proof respecting unfair competition must necessarily be widely divergent from proof respecting infringement.

CONCLUSION.

The decision of the court below was correct. There is no conflict of decisions. The petition should be denied.

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CHARLES ELMORE C

IN THE

Supreme Court of the United States

OCTOBER TERM, 1932.

No. 565.

PHILIP HURN and PERCY MORGAN, JR.,
Petitioners.

vs.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS.

BRIEF FOR RESPONDENT FULTON OURSLER ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

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Jurisdiction.

This appeal is taken from the decree of the Circuit Court of Appeals which was entered on November 14th, 1932. Petition for certiorari was filed on December 22, 1932. Jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by the Act of February 13th, 1925. The petition was granted on January 23, 1933.

Question Presented.

The question is whether the Circuit Court of Appeals was correct in affirming that portion of the decree of the District Court which held that the Court was without jurisdiction to entertain a count of unfair business practice and unfair competition in a copyright infringement case where there was found to be no infringement and where there is no diversity of citizenship.

Statement.

The petitioners alleged copyright infringement and unfair competition with respect to a dramatic composition composed by them and entitled "The Evil Hour". It was alleged that a drama entitled "The Spider", composed and produced by the respondents, was in certain respects an appropriation of "The Evil Hour."

The complaint relied upon two versions of "The Evil Hour", one of which was protected by statutory copyright (R. 3 and 17), the other of which was not (R. 15 and 18). The version of the respondents' play "The Spider" which was complained of was not protected by statutory copyright (R. 4-7 and 19).

There was no diversity of citizenship between the parties (R. 2-3).

The District Court found that the respondents' play "The Spider" did not infringe in any way the petitioners' copyright (R. 19).

The District Court also concluded that in view of the lack of copyright infringement the court was without jurisdiction to entertain allegations with respect to unfair competition and to admit in evidence any proof thereof, in so far as such was based upon claims other than a claim of violation of the Copyright Law (R. 19).

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The Circuit Court affirmed the decree of the District Court (R. 26).

The issue is whether, in the absence of diversity of citizenship and after a finding of a lack of copyright infringement, a federal court has jurisdiction to entertain a count of unfair competition between (a) a copyrighted literary composition and an uncopyrighted literary composition, and (b) two uncopyrighted literary compositions.

ARGUMENT.

POINT I.

In the absence of diversity of citizenship, the Federal Courts lack jurisdiction to entertain a count of unfair competition when coupled with a count of copyright infringement where the Court finds no infringement.

A. The parties are residents of the same state. The complaint does not allege a sum in controversy of $3000. Jurisdiction depended upon the alleged infringement of copyright.

The court has held that this was an unfounded claim. "But", say the appellants (of course not in words but neces-

sarily in thought), "We amended our complaint by adding a conclusion that the same acts constitute unfair competition. We cannot prove it because the court found against us on the facts, but we brought our suit in good faith. Therefore, the court's denial of jurisdiction was a technical error."

The appellants are wrong in their contention that the court had jurisdiction of an unfair competition claim. As analogies, they cite cases in some districts involving patents and trade-marks where a court of equity having jurisdiction, considers a count of unfair competition to avoid multiplicity of suits. Apparently their research has not turned up a copyright case where any court has done anything of the kind—and for good reason, for the same principle is not involved. Sometimes in a patent or trademark case the facts relating to the infringement may prove a case of unfair competition. The statutory suit might fail but the same facts might entitle the plaintiff to recover. There might then be a sound reason for a court of equity to conclude the case instead of compelling a complainant to bring another suit. Even on this, however, a contrary position was taken by the Supreme Court of the United States in *Leschen Rope Co.* v. *Broderick*, 201 U. S. 166.

But imagine a trade-mark case in which a plaintiff claimed that a label depicting an elephant infringed one of a donkey, and the plaintiff insisted upon the jurisdiction of the court because he had added a conclusion that there was unfair competition! That is this case.

It is submitted that the facts in a copyright case, particularly where there is no allegation or proof of the use of the same title, could not support a claim of unfair competition. Other facts must be proved. Thus the cases on which the plaintiffs rely are not applicable here. It is thus not strange that apparently no one has heretofore—according to reported cases—had the temerity to make this contention in a case involving copyright.

And this even leaves out of consideration the fact that the plaintiffs' claim is for an infringement of a revised, uncopyrighted version of his play.

B. This Court has many times ruled that the jurisdiction exercised by Federal Courts is narrow in scope and cannot be extended to the jurisdiction demanded by the petitioners.

Before considering cases of the United States Supreme Court, we wish to refer to *Ingrassia* v. *A. C. W. Mfg. Corp.* (1928) 24 Fed. (2d) 703, as a clear illustration of the principle involved. There, as in this case, there was no diversity of citizenship. The bill set forth an infringement of patent and contained allegations which would support a cause of action for unfair competition. The bill of complaint on the patent infringement was insufficiently alleged. Injunction had been sought thereon as well as on the count of unfair competition. The cause of action as to unfair competition was dismissed "because of lack of diversity of citizenship *and want of jurisdiction*". The court there said (704):

> "This court and the District Courts of this circuit have consistently held that, in the absence of diversity of citizenship between the litigants, a patent infringement suit or a statutory trade-mark infringement may not be joined with a suit for unfair competition in trade. Gerrard v. Cary (D. C.) 9 F. (2d) 949, affd. (C. C. A.) 9 F. (2d) 957; Planten v. Gedney (C. C. A.) 224 F. 382; Tyler Co. v. Ludlow-Saylor Wire Co. (C. C. A.) 212 F. 156; Thaddeus Davids Co. v. Davids (C. C. A.) 192 F. 915; Natl. Casket Co. v. N. Y. & Bklyn. Casket Co. (C. C.) 185 F. 533. The Supreme Court has ruled likewise in Geneva Furniture Co. v. Karpen, 238 U. S. 254, 35 S. Ct. 788, 59 L. Ed. 1295; Standard Paint Co. v. Trinidad Asphalt Mfg. Co., 220 U. S. 446, 31 S. Ct. 456, 55 L. Ed. 536; A. Leschen, etc., Co. v. Broderick Bascom, etc., Co., 201 U. S. 166, 26 S. Ct. 425, 50 L. Ed. 710. The cause of action as to unfair competition was properly dismissed."

As to this case appellants said in their brief in the Court below:

> "This decision was necessarily correct because, since the cause of action for patent infringement was not sufficiently alleged in the first instance, obviously no jurisdiction obtained for the unfair competition aspect of the case."

We respectfully submit that the same is the situation here. In the *Ingrassia* case the cause of action for patent infringement was not sufficiently alleged, while in the case at bar copyright infringement was not proved. We are unable to see any distinction in principle between lack of allegation and lack of proof. If in the one case the court has no jurisdiction of a claim of unfair competition, the same must be true in the other.

Other cases upholding the same principle are:

Burt v. *Smith* (1895), 71 Fed. 161;
Keasby Co. v. *Cary Mfg. Co.* (1901), 113 Fed. 432;
Hutchinson, Pierce & Co. v. *Loewy* (1908), 163 Fed. 42;
Bernstein v. *Danwitz* (1911), 190 Fed. 604;
Davids Co. v. *Davids* (1912), 192 Fed. 915;
Mallinson v. *Ryan* (1917), 242 Fed. 951.

The cases in the United States Supreme Court are along the same line.

In *Martin's Administrator* v. *Baltimore and Ohio Railroad Company*, 151 U. S. 673, the court said, at page 687:

> "The recent acts of Congress have tended more and more to contract the jurisdiction of the courts of the United States, which had been enlarged by intermediate acts, and to restrict it more nearly within the limits of the earliest statute. *Pullman Car Co.* v. *Speck*, 113 U. S. 84; *Smith* v. *Lyon*, 133 U. S. 315, 320; In *re Pennsylvania Co.*, 137 U. S. 451, 454; *Fisk* v. *Henarie*, 142 U. S. 459, 467; *Shaw* v. *Quincy Mining Co.*, 145 U. S. 444, 449."

The limitation of jurisdiction is an absolute one which cannot be enlarged by the courts themselves or by the parties. Thus, in *Chicago, Burlington and Quincy Railway Company* v. *Willard*, 220 U. S. 413, we see that the rule of limitation is inflexible and without exception. It will be enforced even at the instance of the party who first committed his case to

the federal court. Lack of jurisdiction cannot be waived or conferred by consent.

New Marshall Engine Co. v. *Marshall Engine Co.*, 223 U. S. 473;
Henry v. *Dick Co.*, 224 U. S. 1, 14, 15.

In *Leschen Rope Co.* v. *Broderick*, 201 U. S. 166, plaintiff alleged trade-mark infringement and unfair competition. The parties were citizens of the same state. On demurrer the court held the trade-mark invalid on the pleadings and announced that it therefore had no jurisdiction over the count of unfair competition, saying at page 172:

> "Nor can we assume jurisdiction of this case as one wherein the defendant had made use of plaintiff's device for the purpose of defrauding the plaintiff and palming off its goods upon the public as of the plaintiff's manufacture. Our jurisdiction depends solely upon the question whether plaintiff has a registered trade-mark valid under the act of Congress, * * *."

In *Warner* v. *Searle & Hereth Co.*, 191 U. S. 195, the suit involved trade-mark infringement and unfair competition. The court said (p. 205):

> "* * * the courts of the United States cannot take cognizance of an action on the case or a suit in equity between citizens of the same State, 'unless the trade-mark in controversy is used on goods intended to be transported to a foreign country, or in lawful commercial intercourse with an Indian tribe.'"

This was quoted with approval in *Standard Paint Co.* v. *Trinidad Asphalt Co.*, 220 U. S. 446.

See also

Geneva Furniture Co. v. *Karpen*, 238 U. S. 254;
Stark Bros. Co. v. *Stark*, 255 U. S. 50;
Elgin Watch Co. v. *Illinois Watch-Case Co.*, 179 U. S. 665.

C. The cases relied on by the petitioners.

In *Moore* v. *New York Cotton Exchange,* 270 U. S. 593, cited extensively in petitioners' main brief in support of their petition, the plaintiff sued under the Anti-Trust Laws. The defendant counter-claimed on a common law question arising out of the transaction which was the subject matter of the suit. The court dismissed the complaint and upheld the counter-claim, holding under Equity Rule 30 that the counter-claim was of that type which *must* be pleaded and was not of the type which might be the subject of an independent action. We contend that the decision in the *Moore* case must be strictly limited to the facts of that case and that it is not analogous to the case at bar. We are not here governed by any Equity Rule nor are we considering a counter-claim. But even conceding the analogy of a counter-claim, it is obvious that the situation at bar more nearly resembles a counter-claim "which might be the subject of an independent suit in equity" as to which the court in the *Moore* case specifically states at page 609 that "federal jurisdiction independent of the original bill must appear".

The petitioners also rely on the cases typified by *Siler* v. *Louisville & Nashville R. R. Co.,* 213 U. S. 175,—cases which involve both constitutional and local issues and in which the courts have rendered decisions only on the local questions.

It is submitted that the above cases are not in point.

POINT II.

In the rare cases where a contrary rule has been applied, it has been limited to cases where the same proof is applicable both to the infringement and the unfair competition charge, and that is not this case.

The claim is made that an uncopyrighted revision of The Evil Hour was submitted to one of the defendants and that the production of an uncopyrighted version of The Spider constituted unfair competition. Since the court held that there was nothing to the claim of copyright infringement, the case then before the court involved two literary compositions each of which was protected only under the common law. Plaintiffs then attempt to go further and prove unfair competition as between the two uncopyrighted scripts. Their success on the count of unfair competition would result only from evidence on a purely common law matter, not a federal statutory one. It would not be similar to the evidence arising on the copyright question. A new case would have to be built. It would be necessary to prove, among other things, some likelihood that someone would be deceived. *Newcomer & Lewis* v. *Scriven Co.*, 168 Fed. 621, 626; *H. W. I. Co.* v. *N. Y. H. I. Co.*, 140 N. Y. 94. The unfair competition phase involves proof of fraud of some kind. Evidence along that line would open up a new phase entirely unconnected with the federal issue involved. The case would not be based on the same proof.

POINT III.

The plaintiffs have failed to allege a case in unfair competition.

The point raised by the plaintiffs is under any circumstances highly technical. The question before this court is whether or not the lower court lacked jurisdiction to permit proof of unfair competition. But the question still remains as to what would be the effect of a reversal here in view of the fact that the plaintiff has not alleged a case in unfair competition. A complaint, to be actionable must allege actual or probable confusion and deception of the public by reason of defendant's acts. *Illinois Watch-Case Co.* v. *Elgin Nat. Watch Co.*, 94 Fed. 667, 671; affirmed 179 U. S. 665; *Investor Pub. Co.* v. *Dobinson*, 72 Fed. 603; 38 Cyc. 894, E, 2. The only reference to unfair competition is in the amendment (par. 15th) of the complaint, which appears at page 16 of the Record, and alleges that the wrongful acts of the defendants "constitute unfair business practices and unfair competition against the complainants." The material allegations before that, recite that the plaintiffs wrote, copyrighted and are the proprietors of a play called "The Evil Hour"; that the play was submitted to the defendants Lewis and Harris; that Lewis and Harris produced "The Spider", which it is claimed was appropriated from "The Evil Hour"; that the defendants Oursler and Brentano represented themselves to be the authors of "The Spider", whereas they were not such authors; that "The Spider" contained a spiritualistic seance as was the case with "The Evil Hour"; that "The Spider" is an infringement; that the presentation of "The Spider" has irreparably injured the plaintiffs' property in "The Evil Hour"; that the acts of the defendants are wrongful. The conclusion is drawn that the acts of the defendants constitute unfair competition. There is not a word suggesting that the defendants attempted to pass off the play "The Spider" as one written by the plaintiffs, or that the public was likely to be deceived.

CONCLUSION.

The decree of the court below should be affirmed.

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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1932.

No. 565

PHILIP HURN and PERCY MORGAN, JR.,
Petitioners

v.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Respondents

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

EMILY HOLT,

PAUL N. TURNER,
Attorney for the Respondent Lowell Brentano.

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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1932.

No.

PHILIP HURN and PERCY MORGAN, JR.,
Petitioners-Appellants,

against

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Respondents.

BRIEF OF LOWELL BRENTANO IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

The Honorable Chief Justice and the Associated Justices of the Supreme Court of the United States:

This is a petition for a Writ of Certiorari to review an order of the United States Circuit Court of Appeals for the Second Circuit, entered on November 14, 1932, which affirmed a decree of the United States District Court for the Southern District of New York dismissing the Bill of Complaint on the merits.

Summary and Short Statement of the Matter Involved.

Petitioners, asserting authorship of the play, "The Evil Hour", duly copyrighted, allege that defendants, authors and producers of the play, "The Spider", have infringed their rights.

Outside of allegations in the bill of complaint relating to infringement, and that the effect of such infringement was to cause plaintiff's play to become stale and lose value as an original play, the only other allegations (excluding formalities) are as follows:

> "*Eighth.* That the said defendants, Oursler and Brentano, have represented themselves to be, and have continuously and falsely represented themselves to be the authors and originators of the said play entitled "The Spider" as now produced and exhibited by them with full knowledge of the fact that they had appropriated, pirated and plagiarized the same from the aforesaid play of complainants entitled "The Evil Hour". (Record, Pg. 19.)

> "*Fifteenth.* That the wrongful acts of the said defendants *as hereinabove set forth* (italics ours) are wrongful and continuing, and have all taken place in the City of New York and within the jurisdiction of the Southern District of New York and are in violation of the rights of the complainants herein at common law and in equity, and constitute unfair business practices and unfair competition against the complainants herein, as well as of the copyright laws of the United States, (Record, Pg. 24.)

The trial court found that the defendants Oursler and Brentano were the authors of "The Spider" (Record Pg. 28) and

> "9. That no version of the defendants' play "The Spider" infringed in any way, either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiff's copyrighted play, "The Evil Hour," in contravention of the Copyright Law of the United States." (Record, Pg. 29.)

After finding as a conclusion of law that the complaint should be dismissed on the merits, the trial court further found:

> "1. That in view of the conclusion reached by the Court of lack of copyright infringement, this Court is without jurisdiction to entertain the allegations in paragraph Fifteenth of the Complaint as amended, and to admit in evidence any proof thereof, in so far as they are based upon claims other than a claim of violation of the Copyright Law of the United States". (Record, Pgs. 29-30.)

No appeal has been taken by petitioners from the finding of no infringement. (Record, Pg. 35).

ARGUMENT.

POINT I.

The lack of copyright infringement having been found as a fact, there are no allegations in the complaint which would afford a basis for the Court assuming jurisdiction of a claim of unfair competition.

On page 2 of their brief, petitioners say that there is involved a single question of law,—that is, whether, when

a copyright has been held to be valid but not infringed, and there is no diversity of citizenship, the court will pass upon the question of unfair competition.

Petitioners are mistaken.

The question under consideration was and is whether the trial judge, in petitioners' case *as stated in their complaint*, found facts sufficient to give the court jurisdiction on the question of unfair competition once he had decided that there was no infringement and the allegations relating to infringement were eliminated from consideration.

The issue raised here is not symbolic but concrete, and it arises out of the particular facts disclosed to the Court in the complaint of the petitioners.

Examining this complaint we find that with the direct and derivative allegations of infringement eliminated there is not *even a scintilla of allegation* upon which to introduce evidence of unfair competition.

This is apparent from mere inspection and needs no argument.

This court will note that paragraph Fifteenth of the Amended Complaint refers to the alleged wrongful acts of the defendant "*as hereinabove set forth*" and then adds that they constitute unfair business practices. But nothing is "hereinabove set forth" which by any stretch of the imagination could be said to constitute unfair practices there being no infringement.

And petitioners in their argument have failed to point out a single allegation (outside of the allegation of infringement) which might constitute unfair practices or competition.

Certainly this court is not going to entertain an appeal on a point which does not appear in the pleadings.

Furthermore and along the same line of thought,—

POINT II.

The allowance of this appeal would permit the raising of a purely abstract question. The only facts alleged in the complaint bearing upon the question of unfair competition have been forever eliminated by the finding of no infringement. It is therefore apparent that allowing a consideration by the Trial Court of an alleged claim of unfair competition would be a useless formality.

The Circuit Court of Appeals evidently had this point in mind when it cited the case of *Standard Paint Company* v. *Trinidad Asphalt Co.*, 220 U. S. 446.

In this case complainants owned the alleged trademark "Ruberoid" and claimed that the defendant trademark "Rubber-o" infringed. There was diversity of citizenship and also a claim of unfair competition. This Court held that "Ruberoid" was not a valid trademark but proceeded to consider the question of unfair competition because of diversity of citizenship.

But the only basis in the case for the claim of unfair competition was the use of the trademark "Rubber-o" and this Court held that by virtue of a claim of unfair competition plaintiff could not get relief which had been refused to it because of its ownership of the trade mark.

This Court said, at page 461:

> "The only imitation by the Asphalt Company of the roofing of the Paint Company is that which exists in the use of the word 'Rubber-o'. To preclude its use because of such resemblance would be to give to the word 'Ruberoid' the full effect of a trade mark while denying its validity as such."

In the case at bar, as we have seen, there are no allegations which could be considered under the head of unfair

competition except those which relate to infringement, and as the question of infringement has been eliminated and decided against the petitioners and they have not appealed from the decision on this point, it is quite apparent that if a new trial were had in this case, petitioners would come into Court with empty hands and the trial would be a useless formality.

POINT III.

There is no conflict of authority as to the precise question involved in this case.

No case appears to have arisen where a claim of unfair competition has been coupled with a claim of copyright infringement.

No case of this kind has been cited by the petitioners. The reason is obvious.

It is difficult, in fact practically impossible, to imagine such a case. If in a copyright case there is infringement, all of complainants damages flow out of such infringement. On the contrary if there is no infringement it is, from a practical standpoint, difficult to imagine anything that could happen which *could be* called unfair competition.

Non infringing authors have never been known to try to palm off their brain children as those of some one else.

This is one sound reason, when we consider this case concretely and do not revel in generalities, that decisions in trade mark cases should be critically viewed. For while there are analogies between trade mark and copyright cases yet when it comes to considering them in relation to a claim of unfair competition, they are widely different.

In the case of alleged trade mark infringements it often happens that while for technical reasons a registered trade mark may not be considered infringed, yet

in giving proof of alleged infringement it appears that the form, color get-up, ornamentation, etc. of the articles sold by the defendant create a false impression to the public and present all of the elements of unfair competition, and it is in such cases only that, where the pleadings are appropriate, the Court has retained jurisdiction to give the plaintiff a remedy.

But in examining the bill of complaint in this case it is apparent that considering the actual situation there is not such analogy between this case and trade mark cases as to cause this Court to hold that there is a diversity of opinion among the Circuit Courts of this country regarding the issues in this case.

POINT IV.

The Petitioners throughout their brief complain because the Trial Court failed to determine the question of unfair competition *on the identical facts* adduced by them to sustain infringement, yet they have wholly failed to present to this Court any suggestion as to how, if there is no infringement, the same facts may show unfair competition.

Again we point out this case should deal with actual facts and not generalities.

It is obviously the duty of the petitioners to point out to this Court, how, under the facts alleged by them in relation to infringement, they propose to make out a claim of unfair competition, their claim of infringement having been disallowed.

POINT V.

The cases cited by Petitioners are not in point.

An analysis of the cases cited by the petitioners will show that they fall into three general classes;—class

one, cases like *Moore* v. *New York Cotton Exchange*, 270 U. S. 593, where the claims of the respective parties are so intertwined that judgment is necessary to give complete relief; class two, cases like *Siler* v. *Louisville & Nashville Railway Co.*, 213 U. S. 175, where constitutional questions are involved; and class three, cases like *Vogue Company* v. *Vogue Hat Company*, 12 Fed. (2d) 991, *Detroit Show Case Co.* v. *Kawneer*, 250 F. R. 234, and *United States Eastern Bolt Co.* v. *Kroncke*, 234 F. R. 868, where the proof of infringement is also proof of unfair competition, and such unfair competition having been specially pleaded, substantial justice requires the allowance of damages to cover it.

Upon the record before us, already referred to in previous points, it is respectfully submitted that none of these cases are controlling upon the points to be considered on this application.

POINT VI.

As in this case the Bill of Complaint does not disclose facts showing unfair competition and no public interest is involved and under the Bill of Complaint no question is presented regarding which the Circuit Courts disagree, this petition should not be granted.

Respectfully submitted,

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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1932

No. 565.

PHILIP HURN and PERCY MORGAN, JR.,
Plaintiffs-Appellants,

v.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,

Defendants-Appellees.

BRIEF OF APPELLEE LOWELL BRENTANO.

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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1932.

No. 565

PHILIP HURN and PERCY MORGAN, JR.,
Plaintiffs-Appellants.

against

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS, and SAM H. HARRIS,
Defendants-Appellees.

On Certiorari from the United States Circuit Court of Appeals for the Second Circuit.

BRIEF OF APPELLEE LOWELL BRENTANO

Facts.

Complainants allege that the parties are citizens of the State of New York and that the acts complained of took place in that State; that the complainants are the owners of the copyrighted play "The Evil Hour" and also of an

uncopyrighted revision of that play; that the defendants, authors and owners of the copyrighted play "The Spider", are infringers.

Paragraphs "Eighth" and "Fifteenth" of the complaint read as follows:

> "*Eighth*: That the said defendants, Oursler and Brentano have represented themselves to be, and have continuously and falsely represented themselves to be the authors and originators of the said play entitled "The Spider" as now produced and exhibited by them, with full knowledge of the fact that they had appropriated, pirated and plagiarized the same from the aforesaid play of complainants entitled "The Evil Hour." (Record, pg. 7.)"

> "*Fifteenth*: That the wrongful acts of the said defendants *as hereinabove set forth* (italics ours) are wrongful and continuing and have all taken place in the City of New York, and within the jurisdiction of the Southern District of New York and are in violation of the rights of the complainants herein at common law and in equity, and constitute unfair business practices and unfair competition against the complainants herein, as well as of the copyright laws of the United States, (Record, pg. 24.)"

The answering defendants denied these allegations.

Except as above there are no allegations in the complaint relating to unfair competition.

The trial Court, after finding that defendants Oursler and Brentano were the authors of the Spider, made the following Finding of Fact:

> "9. That no version of the defendants' play "The Spider" infringed in any way, either with respect to plot, material, arrangement or sequence

of events, or incidents, or otherwise, the plaintiffs' copyrighted play "The Evil Hour" in contravention of the copyright Law of the United States." (Record, pg. 29.)

The trial court dismissed the complaint.
In so doing it made the following Conclusion of Law:

"1. That in view of the conclusion reached by the Court of lack of copyright infringement, this Court is without jurisdiction to entertain the allegations in paragraph Fifteenth of the complaint as amended, and to admit in evidence any proof thereof, in so far as they are based upon claims other than a claim of violation of the Copyright Law of the United States." (Record, pages 29-30.)

Claim of Appellants.

The appellants claim that although this Court obtained jurisdiction of this action solely by reason of the claim of copyright infringement, and although their claim of copyright infringement has been dismissed (without appeal by them from such dismissal), and although there are no allegations in the complaint which, in view of the finding of no infringement, bear on the question of unfair competition, that the trial Court should have received in evidence and have considered "claims other than" those arising under the Copyright Act. Appellants' say in effect: "We admit that the defendants Oursler and Brentano are the authors of "The Spider" and that it does not infringe upon "The Evil Hour" and that in our complaint we did not suggest anything in the way of unfair competition which is not covered by the finding of no infringement; nevertheless the trial court should have

considered any evidence we chose to submit of any kind of a claim we wanted to make outside of the claim of copyright infringement."

POINT I.

The Trial Court properly held itself to be without jurisdiction to entertain any claim in view of its determination that there was no infringement of copyright. Appellants' alleged claim of unfair competition is an independent suit not "arising under the copyright laws of the United States," and in the absence of the necessary diversity of citizenship, the Federal courts are without jurisdiction.

It appears from the face of the complaint that there is no diversity, the parties being all citizens and residents of the State of New York. Plaintiffs-appellants invoked federal jurisdiction under Section 34 of the Copyright Law, alleging a valid copyright and an infringement thereof. Had they sustained the claim of infringement the allegations of unfair competition might well have been entertained by the court in considering the question of aggravation of damages.

Stark Bros. v. *Stark,* 255 U. S. 50.

But the trial court, having expressly found that no infringement existed and appellants having elected not to appeal from that finding, the claim for unfair competition becomes an independent suit and is not an integral part of the infringement suit for the purpose of proving any "aggravation of damages."

Exhaustive research has not revealed a single case

where, in copyright litigation, the Federal courts have assumed such independent non-federal jurisdiction.

Plaintiffs, however, claim an analogy between copyright and trade-mark and patent cases and invoke the reasoning in various cases, in these latter classes, to sustain their contention.

Two of these cases are typical. They are the cases of *Vogue Company* v. *Vogue Hat Company,* 12 Fed. (2d) 991 and *Detroit Show Case Company* v. *Kawneer,* 250 Fed. 234.

In those cases, as here, the patent or trade-mark was declared valid but not infringed.

In the *Vogue* case, (supra), where the necessary diversity of citizenship existed to give Federal jurisdiction, in any event, the court, purely by way of *dictum,* stated the following conclusion (p. 995):

> "Accordingly we conclude that since the acts which in this case constitute the claimed infringement of a registered trade-mark and the claimed unfair competition are, at least in sufficient degree, the same acts, and, since it is to be assumed that the trade-mark registry was valid, the court had jurisdiction to enjoin the unfair competition, although it had decided that the registered trade-mark was not infringed; and this is perhaps particularly true because our finding of lack of infringement was based only on the circumstance that the articles marked were not of the same descriptive quality as the registered mark."

In the *Detroit* case (supra) the Court said (p. 240):

> "We are, moreover, of opinion that, under the rule which we recognized in the *Temco* case, supra, we have no jurisdiction over the subject of unfair competition as related to the division and corner

> bars of the second patent, which we have held not infringed—at least as considered by themselves, and not as a part of a complete store front structure. Had the second patent been held invalid, such would have been the result under our decision in *Schiebel Toy etc. Co.* v. *Clark,* 217 Fed. 760, 774, 133 CCA 490. And the same result seems logically to follow where, as here, a patent is held not infringed, for we think the logical theory on which (in case a patent has been sustained) damages for unfair competition may be considered is that such damages are to be treated merely as "aggravation of the infringement," and recovery by way of aggravation of damages otherwise nonexistent would seem anomalous."

On analysis of the *Vogue* case,—aside from the fact that the holding is mere *dictum,* and we do not believe that even in a proper case arising under the trade-mark laws, this court would sustain the *dictum* and thus enlarge the statutory jurisdiction of the Federal courts,—but even if it should be held that the trial court was justified in so extending Federal jurisdiction in the trade-mark fields, it was at least fortified by the fact that the gravamen of the action in either infringement or unfair competition in the trade-mark jurisdiction is the same, namely a deception of the public and a trading upon the goodwill of the trade-mark owner. In the copyright field, however, a vital distinction exists between the gravamen of a suit in infringement which depends upon a substantial appropriation of the plot, sequence or literary form of the copyright work and the gravamen of a suit for unfair competition, which is in essence an appropriation of an idea (in itself not copyrightable) and the appropriation of any available market for that idea.

But, even in the field of trade-mark jurisdiction,—which appellee contends presents no analogy to copyright in this respect,—appellee believes the better rule to have been stated in the second circuit. For example, in

Ingrassia v. *A. C. W. Mfg. Corp.*, 24 Fed. (2d) 703, and the cases cited in the opinion in that case, the court held (p. 704):

> "This court and the District Courts of this circuit have consistently held that, in the absence of diversity of citizenship between the litigants, a patent infringement suit or a statutory trademark infringement may not be joined with a suit for unfair competition in trade. *Gerrard* v. *Cary* (D. C.) 9 F. (2d) 949, affd. (C. C. A.) 9 F. (2d) 957; *Planten* v. *Gedney* (C. C. A.) 224 F. 382; *Tyler Co.* v. *Ludlow-Saylor Wire Co.* (C. C. A.) 212 F. 156; *Thaddeus Davids Co.* v. *Davids* (C. C. A.) 192 F. 915; *Nat'l Casket Co.* v. *N. Y. & B'klyn. Casket Co.* (C. C. A.) 185 F. 533. The Supreme Court has ruled likewise in *Geneva Furniture Co.* v. *Karpen*, 238 U. S. 254, 35 S. Ct. 788, 59 L. Ed. 1295; *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.*, 220 U. S. 446, 31 S. Ct. 456, 55 L. Ed. 536; *A. Leschen, etc., Co.* v. *Broderick Bascom etc., Co.*, 201 U. S. 166, 26 S. Ct. 425, 50 L. Ed. 710. The cause of action as to unfair competition was properly dismissed."

In Foster's Federal Practice, (6th edition) Volume 1, pages 859 and 845, the condition of the law is stated as follows:

> "It has been held that where the trade mark is valid and has been infringed and the acts of unfair trade are not separate and distinct from the acts of infringement, that then an injunction against

them may be joined with the decree forbidding the infringement of the trade mark; but that the rule is otherwise when they are separate and distinct acts unless the jurisdictional diversity of citizenship exists."

Foster cites the following cases:

Burt v. *Smith,* 71 Fed. 161 (C. C. A.);
Hutchinson v. *Loewy,* 163 Fed. 42 (C. C. A.);
Bernstein v. *Danwitz,* 190 Fed. 604;
Sprigg v. *Fisher,* 222 Fed. 964.

At page 845 Foster further says:

"Where there was no diversity of citizenship it was held that when the patent was sustained and its infringement found, the profits and damages for unfair competition might be included in the accounting. But where relief, because of alleged infringement of a patent was denied, the courts have held that they had no jurisdiction to consider a cause of action founded upon unfair competition in the same."

Citing the followng cases:

New Departure Manufacturing Co. v. *Sargent,* 127 Fed. 152 (C. C. A.);
Schiebel Toy Co. v. *Clark,* 217 Fed. 760;
H. D. Smith v. *Southington,* 235 Fed. 160;
Detroit Show Case Co. v. *Kawneer,* 250 Fed. 234 (C. C. A.);
United States Eastern Bolt Co. v. *H. G. Kroncke,* 234 Fed. 868 (C. C. A.);
and *Koenig* v. *Morris,* 243 Fed. 619.

A summary of all of the decisions bearing upon the question just raised shows that a decided balance of authority is in favor of observing the plain reading of the statute, but that various courts, where the patent or trademark is valid, to avoid a multiplicity of suits, have allowed, (1) where the proof of infringement is technically defective but this same proof reveals unfair competition, relief on the ground of unfair competition; (2) where infringement existed, damages in "aggravation of the infringement" under the count of unfair competition.

In cases like the *Vogue* case, however, the Circuit Court seems to have gone further than the view of this Court, as expressed in

Stark Bros. v. *Stark,* 255 U. S. 50;

There this court laid emphasis upon the fact that recovery of damages for unfair competition in the Federal courts could be had only where such recovery was inseparable from the statutory wrong. There the court permitted recovery of such damages only from the time of the registration of the trademark under the United States statutes and excluded any damages which accrued prior to that time, the recovery for which would be based upon common law protection. In the instant case, the copyright certificate and its validity have no bearing whatsoever upon the alleged cause of action for unfair competition. That is based wholly and solely upon whatever common law rights the appellants may have in a non-copyrightable idea and the allegation and finding of the validity of their copyright is unnecessary to the cause of action in unfair competition and is mere surplusage. At most it is evidentiary.

In the *Stark* case, speaking for the court, Mr. Justice Holmes said (p. 52):

> "The infringement sued on is for infringement of a registered trade mark, not infringement of a

trade mark. That is the plain meaning of the above words and the necessary scope of this suit since that is the scope of the jurisdiction of this Court, (201 U. S. 166-172). It seems very plain that the plaintiff had a cause of action outside the statute but that would have to be asserted elsewhere as the suit was between citizens of the same state. The statute alone gave the right to come into this Court of the United States. Coming in to assert its statutory rights we will assume in plaintiff's favor that it could recover for unfair competition that was inseparable from the statutory wrong, but it could not reach back and recover for earlier injuries to rights derived from a different source.

The plaintiff argues that a notice of March 11, 1914 calling on defendants 'to discontinue the unfair competition and infringement of its rights' coupled with the willful character of the defendant's wrong doing ought to lead to a different result, and the District Judge seems to have had a similar notion. But that is to forget the origin and necessary limit of the jurisdiction of this court."

In the *Stark* case the parties were both residents of Missouri. The plaintiff for years had a common law trademark. When it obtained a statutory trade-mark it did not give notice to the defendant of it until 1916. The trial court found that the *statutory trade mark* was infringed but gave an accounting of profits before the date of the notice. The Circuit Court of Appeals held that no damages or profits could be allowed until *after the notice according to statute.* This judgment this court affirmed.

With these facts before us an analysis of this decision into its elements makes clear the following:

The statute alone gives the right of residents of the same state to invoke federal jurisdiction.

Once in the United States court they must establish a *statutory wrong* to stay there.

If they do so they may recover for unfair competition *inseparable* from that wrong.

As that statutory wrong did not exist until notice under the statute was given no common law claims before the date of the notice can be included in the claim for damages.

When the *Stark* case was in the Circuit Court of Appeals (257 Fed. 9) that Court held (p. 15) that to entitle one to recover in a case before it

> "the unfair competition must be a part of the same transaction, to wit, a violation of the act of Congress and a liability thereunder. It must be an aggravation of the infringement of the registered trade mark in order to give the court jurisdiction to award damages."

In the case at bar the only statutory wrong alleged is infringement of copyright.

But infringement does not exist.

Therefore, there is no statutory wrong from which unfair competition is inseparable.

POINT II.

The cases relied upon by the Appellants are distinguishable.

Bearing in mind the reasons underlying the decisions cited under the previous point, it is submitted that the cases of the general character of *Moore* v. *New York Cotton Exchange,* 270 U. S. 593 and *Siler* v. *Louisville,* 213 U. S. 175 are not governing precedents.

Cases of the order of the *Moore* case are those where the claims of the respective parties are so intertwined

that the judgment which was affirmed was necessary to give complete relief.

In short, the *Moore* case itself contains the distinction here argued for. The court there pointed out (p. 609) that under Equity Rule 30, two classes of counterclaims are provided for:

> 1. Claims "arising out of the transaction which is the subject matter of the suit" and
>
> 2. Claims "which might be the subject of an independent suit in equity."

The claim of unfair competition here alleged does not grow out of any copyright certificate; if it exists at all it must exist in some theory of common law monopoly of idea or novelty in literary property. As such it is an "independent suit" and appellees contend that federal jurisdiction, outside of the claim of copyright infringement, is necessary to sustain a trial in the federal courts.

In cases of the class of the *Siler* case, constitutional questions are involved and the distinction between that class of cases and this has been definitely pointed out by Judge Kohlsaat in his opinion in the case of *United States Eastern Co.* v. *Kroncke*, 234 Fed. 868.

Here we have an inter-relation of constitutional and local questions and the mere fact that the constitutional or federal questions are decided adversely or even not decided at all does not defeat federal jurisdiction. In the case at bar, however, the alleged infringement and the alleged unfair competition, far from being intertwined, are entirely separate claims, and the one having been defeated, federal jurisdiction should not be extended to a non-federal cause of action.

POINT III.

An appeal without a purpose should be disallowed.

We understand that the purpose of a decision on appeal is to apply the rules which govern the facts of the particular case being considered; not to lay down dicta which may affect decisions in other cases.

If this statement is correct it narrows down the question under consideration on this appeal to this:

On appellants' case, *as stated in their complaint,* are there sufficient facts to give the Court jurisdiction of the question of unfair competition after the trial court has decided that there was no infringement and therefore the allegations relating to infringement are to be considered eliminated from consideration?

A mere inspection of the complaint shows that with the direct and derivative allegations of infringement eliminated there is not even a scintilla of allegation under which the appellants might introduce evidence of unfair competition.

Appellants claim in Paragraph "Fifteenth" of the amended complaint that certain facts "hereinabove set forth" in the complaint constitute unfair business practices but, there being no infringement, there is nothing "hereinabove set forth" which by any stretch of the imagination could be said to constitute unfair business practices.

Appellants, therefore, seek to raise a question not covered by the pleadings.

Certainly it cannot be urged that where lack of infringement has been found nevertheless the allegations regarding infringement shall be considered as allegations relating to unfair competition, and the case be retried as one for unfair competition.

A somewhat similar effort to do this was frowned upon by this Court in

Standard Paint Co. v. *Trinidad Asphalt Mfg. Co.*, 220 U. S. 446.

In that case this Court held that by virtue of a claim of unfair competition plaintiff could not get relief which had been refused to it because of its ownership of the trade mark. In that case the question of unfair competition was considered because of diversity of citizenship. This Court said at page 461:

> "The only imitation by the Asphalt Company of the roofing of the Paint Company is that which exists in the use of the word 'Rubber-o.' To preclude its use because of such resemblance would be to give the word 'Ruberoid' the full effect of a trade mark while denying its validity as such."

It is submitted that, if this case is retried on the question of unfair competition and the above cited case is followed, the trial judge would dismiss the complaint.

An appeal without a purpose should be disallowed.

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EMILY HOLT,
Of counsel.

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...Supreme Court of the United States

...October Term, 1937

No. 545

PHILIP HUBER and PERCY MORGAN, Jr.,

Petitioners,

v.

FULTON CUTTING, EDWARD J. BERNTANO, ALBERT LEWIS and SAM H. HARRIS,

Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

FULTON CUTTING,
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1932.

No.....

PHILIP HURN and PERCY MORGAN, JR.,
Petitioners,

v.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

I.

Preliminary Statement.

A.

Nature of Suit.

This is an action in equity brought in the Federal Court under the Copyright Law.

The jurisdiction of the Federal Court was invoked solely by reason of alleged infringement of copyright. No diversity of citizenship or other basis for Federal jurisdiction is found in the case other than as above mentioned.

One paragraph of the complaint (par. "Fifteenth") alleges that the very acts of the respondents, which are claimed to constitute copyright infringement, were by the same token

> "in violation of the rights of the complainants herein at common law and in equity, and constitute unfair business practice and unfair competition against the complainants herein, as well as of the Copyright Laws of the United States" (Record, p. 24).

B.

Decision Below.

In the District Court after trial the Court held that the acts complained of did not in fact constitute copyright infringement. From this determination no appeal has at any time been taken. The decision of the Trial Court on this issue is, therefore, final (Finding of Fact 9, Record, p. 29).

The Trial Court held, further, that inasmuch as there was no copyright infringement, it was "without jurisdiction to entertain the allegations in Paragraph 'Fifteenth' of the complaint as amended, and to admit any evidence in proof thereof in so far as they are based upon claims other than a claim of violation of the Copyright Law of the United States" (Conclusion of Law, Record, p. 29).

C.

Nature of Question Involved on Appeal.

The question which the petitioners raise is one solely and entirely of Federal jurisdiction.

Where a complainant invokes the Federal jurisdiction solely under the *copyright statutes* on a complaint of copyright infringement, and no infringement is found, does the Federal Court have jurisdiction to retain the case, to try and determine whether *these same non-infringing* acts may constitute unfair competition?

II.

Argument.

The issue of unfair competition in this case, in and of itself, presents no Federal question.

The petitioners state, however, that as their play was in fact copyrighted, they were entitled to protection by the Federal Courts (Petitioners' Brief, p. 12). The balance of the argument, implicit, but unexpressed, seems to be that since they were entitled to the protection of the Federal Courts, they are entitled to have the Federal Court hear the issue of unfair competition.

The statement by the petitioners, that they were entitled to the protection of the Federal Courts merely by reason of the fact that their play was copyrighted, is far from accurate, and, indeed, highly inaccurate. The petitioners, by reason of the copyright statutes, were entitled to protection of the Federal Courts to the extent that their rights under the Federal statutes were involved or invaded. Cases involving unfair competition, by reason of the use of similar titles of plays, is a matter of common litigation in the State Courts, and it is beyond dispute that such cases involve no Federal question even though the plays may be copyrighted.

In the case at bar, it has been found definitely and finally, as a fact, that the petitioners' rights under the Copyright Law have not been violated or invaded. The question is solely whether the Federal Court shall retain jurisdiction to determine what would be otherwise an entirely local question, to wit, unfair competition.

At this point we pause for a moment to indicate to the Court more fully the character of the unfair competition as explained in petitioners' brief (p. 4). The petitioners assert that in their play there was a novel feature (idea?) of holding a spiritual seance on the stage with the audience taking part therein and assisting in detection of a murderer supposed to be in the audience.

The petitioners complain that the respondents appropriated this idea or feature from the petitioners' play and utilized it in their own play. Such an appropriation, if in fact there was any, did not amount to copyright infringement. There being no copyright in mere ideas, the question herein is: Can such utilization of an idea in a sufficiently dissimilar form, so that it does not constitute copyright infringement or literary plagiarism, nevertheless, amount to unfair competition?

POINT I.

The question of jurisdiction before this Court is a moot and abstract question, as there can be no unfair competition of one literary product with another when a claim of literary infringement fails.

Under the pleadings and in the petitioners' brief now before this Court the claim is made that the *very* acts which constituted plagiarism also, *ipso facto*, constituted unfair competition (see Complaint, pars. "Eighth" and "Fifteenth," Record, pp. 19-24).

It has been finally adjudicated that the respondents did not commit plagiarism.

> "9. That no version of the defendants' play 'The Spider' infringed in any way, either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiff's copyrighted play, 'The Evil Hour,' in contravention of the Copyright Law of the United States" (Record, p. 29).

The petitioners' claim of unfair competition without plagiarism, therefore, is equivalent to an assertion of property rights in ideas. And, indeed, this is the only conclusion that can be drawn from the petition (p. 4). It is well established, however, that there is no property right in ideas.

> *Holmes* v. *Hurst*, 174 U. S. 82;
> *Stein* v. *Morris*, 120 Va. 390;
> *Hamilton Mfg. Co.* v. *Tubbs Mfg. Co.*, 216 Fed. 401, 404;

Fitch v. *Young*, 230 Fed. 743, 746 (aff'd 239 Fed. 1021);

Dymow v. *Bolton*, 11 Fed. (2d) 690, 692.

"To appropriate and use for profit, knowledge and ideas produced by other men, without making compensation or even acknowledgment, may be inconsistent with a finer sense of propriety; but, with the exceptions indicated above, the law has heretofore sanctioned the practice. Thus it was held that one may ordinarily make and sell anything in any form, may copy with exactness that which another has produced, or may otherwise use his ideas without his consent and without the payment of compensation, and yet not inflict a legal injury; and that ordinarily one is at perfect liberty to find out, if he can by lawful means, trade secrets of another, however valuable, and then use the knowledge so acquired gainfully, although it cost the original owner much in effort and in money to collect or produce" (Brandeis, J., in *International News Service* v. *Associated Press*, 248 U. S. 215, 257, and cases cited).

Consequently, the only real issue involved in this entire appeal is, whether the Court shall declare that a literary work does not compete unfairly with another literary work by utilizing the same general ideas, where there is no literary plagiarism or copyright infringement.

II.

The rule of the Second Circuit refusing to take jurisdiction of the claim of unfair competition is the proper rule under the decisions of this Court.

The rule of the Circuit Court of Appeals for the Second Circuit is that, where the jurisdiction of the Federal Court rests upon Federal trade-mark statutes and no infringement is in fact found, the Court will not retain jurisdiction to hear a claim of unfair competition.

In *Ingrassia* v. *A. C. W. Mfg. Corp.*, 24 Fed. (2d) 703, 704, the Court said:

> "This court and the District Courts of this circuit have consistently held that, in the absence of diversity of citizenship between the litigants, a patent infringement suit or a statutory trade-mark infringement may not be joined with a suit for unfair competition in trade. *Gerrard* v. *Cary* (D. C.), 9 F. (2d) 949, affd. (C. C. A.) 9 F. (2d) 957; *Planten* v. *Gedney* (C. C. A.), 224 F. 382; *Tyler Co.* v. *Ludlow Saylor Wire Co.* (C. C. A.), 212 F. 156; *Thaddeus Davids Co.* v. *Davids* (C. C. A.), 192 F. 915; *Natl. Casket Co.* v. *N. Y. & Bklyn, Casket Co.* (C. C.), 185 F. 533. The Supreme Court has ruled likewise in *Geneva Furniture Co.* v. *Karpen*, 238 U. S. 254, 35 S. Ct. 788, 59 L. Ed. 1295; *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.*, 220 U. S. 446, 31 S. Ct., 456, 55 L. Ed. 536; *A. Leschen, etc., Co.*, v. *Broderick Bascom, etc., Co.*, 201 U. S. 166, 26 S. Ct., 425 50 L. Ed. 710. The cause of action as to unfair competition was properly dismissed."

The petitioners' claim amounts either to a claim of unfair competition by reason of non-infringing acts, in which event it is equivalent to an assertion of monopoly in ideas. Such claim has no basis in law.

Or, else, it is an assertion of unfair competition by reason of acts other than those which established copyright infringement and plagiarism. But this claim cannot be made because it is entirely beyond the scope of the complaint, which expressly limited the claim of unfair competition to those acts which also constituted literary piracy and plagiarism.

Such assertion would set up a cause of action clearly not the subject of Federal cognizance.

Mallinson v. *Ryan*, 242 Fed. 951.

POINT III.

The cases cited by the petitioners do not support their position.

In *Moore* v. *New York Cotton Exchange*, 270 U. S. 593, 609, this Court held that jurisdiction over a counterclaim was properly retained, and the counterclaim decided, because Equity Rule 30 provided that the defendant in its answer:

> "'* * * *must* state in short and simple form any counterclaim arising out of the transaction which is the subject-matter of the suit, and may, without cross bill, set up any set-off or counterclaim against the plaintiff which might be the subject of independent suit in equity against him, and such set-off or counterclaim, so set up, shall have the same effect as a cross suit, so as to enable the court to pronounce a final judgment in the same suit both on the original and the cross claims.'" (Italics ours.)

This Court said that the defendant's counterclaim as pleaded came within the first branch of the cited portion of the above rule. Since the defendant, by force of the rule, was compelled to set up the counterclaim and had no option (as it would have under the second branch of the rule), it necessarily followed that the jurisdiction of the counterclaim was properly obtained, and the Court was obliged to retain such jurisdiction and decide the counterclaim.

> "To hold otherwise would be to rob this branch of the rule of all serviceable meaning" (p. 610).

In such case as the *Moore* case, *supra*, the counterclaim is so closely interrelated to the affirmative claim of the plaintiff, that the defendant is *compelled* to assert his counterclaim at the risk and peril of losing his rights altogether, in the event of his failure to do so. It is only fitting and proper that the Court should, therefore, decide this counterclaim irrespective of the fate of the plaintiff's claim, and the rule so provides.

The *Moore* case is an example of the specific application of the language of *Equity Rule 30* to a particular counterclaim. In the case before the Court, there is no counterclaim and no application of Rule 30, and the *Moore* case, therefore, is not in point.

The case of *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175, is deemed by the petitioners to exemplify a line of cases supporting the petitioners' position. In contradiction thereof, it should be sufficient to state that the *Siler* case, *supra*, involved the question of constitutionality.

It is submitted that the cases involving questions of constitutionality are in a special category. In view of the well-established reluctance of this Court to determine questions of constitutionality where such determination is not imperative, and the decision may be placed on other grounds, the rule of the *Siler* case may not be regarded as authority, except in other constitutional cases.

Vogue Co. v. *Vogue Hat Co.*, 12 Fed. (2d) 991, is urged upon this Court as authority for this appeal. In that case the requisite diversity of citizenship existed so as to vest the Court with full jurisdiction necessary to decide all questions, and the discussion of the Court relied upon by the petitioners on this application was gratuitous and wholly dicta.

> "Our disposition of the present application might rest upon what has been said; but the case presents another question, important and interesting enough to justify study" (Denison, J., at p. 992).

The interesting reflections of a court do not possess the force of decision, but it may be pointed out that even in this case, the Court recognized that the *Siler* case, *supra*, and other such cases turned upon the fact that a constitutional question was involved, and that such cases were not authority in cases involving trade-mark and unfair competition.

After discussing the *Siler* case, Judge Denison continued:

> "It might seem that the same principle would apply in a suit for patent infringement and unfair competition" (p. 993).

This is a frank admission that the rule of the *Siler* case is not in point, but is only applicable by argumentative analogy. It would not be profitable to discuss this case further.

Even assuming that the conclusion reached by the Court in the *Vogue* case is correct, to the effect that, where the acts, which are claimed to constitute an infringement of a registered trade-mark and unfair competition, *are the same acts*, the Court may retain jurisdiction to enjoin the unfair competition although the trade-mark is not infringed;—nevertheless such case differs fundamentally from a copyright case. A party may obtain property rights in the peculiar or characteristic indicia or symbols by which he identifies his product to the public, whether this indicia be in the form of a registered trade-mark or in the form of a trade name.

The situation may be closely analogized to that of a man seeking to enjoin a continuing trespass to real property lying on both sides of a state boundary. The property and the rights invaded are the same although the law applied may differ, depending upon which side of the border the trespass was committed.

The same argument may not, however, be made with respect to a literary product, and the ideas therein. An author's property rights in his literary form of expression derived under the Copyright Law is a substantially different right from any that he may possess to the exclusive retention or use of his ideas; and nothing that was said in the *Vogue* case, *supra*, may be profitably applied to such a situation, which is the case at bar.

> "There is no marked degree of similarity between the rights which exist in a trade-mark or trade name and those created by copyright laws. The right secured by the copyright laws is the right to use a literary composition—the product of the mind and genius of the author—not the name or title given to it. The right protected in cases involving the infringement of a trade-mark or trade name is the right to use a symbol which indicates good-will."
>
> *Nims on Unfair Competition* (3rd Ed.), Sec. 275, pp. 734, 735.

POINT IV.

Conclusion.

The petitioners are limited by their complaint to the proposition that the identical acts which failed to establish plagiarism may nevertheless prove the unfair competition by one literary work as against another.

There is nothing in the petition and brief which suggests any logical basis by which such proposition may be sustained. It would appear to be a most unreasonable and improper extension of the copyright protection, and would indicate a method and means by which the limits of literary plagiarism established by this Court might be wiped out and destroyed.

The prayer in this petition should be denied.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1932.

No. 565.

PHILIP HURN and PERCY MORGAN, JR.,
Appellants,

vs.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Appellees.

BRIEF ON BEHALF OF APPELLEES ALBERT LEWIS AND SAM H. HARRIS.

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Supreme Court of the United States

PHILIP HURN and PERCY MORGAN, JR.,
Appellants,

vs.

FULTON OURSLER, LOWELL BRENTANO,
ALBERT LEWIS and SAM H. HARRIS,
Appellees.

BRIEF ON BEHALF OF APPELLEES ALBERT LEWIS AND SAM H. HARRIS.

Preliminary Statement.

The nature of this appeal and the facts have been presented to this Court in the other briefs submitted on this appeal. The facts will be referred to only as necessary in the course of the argument.

Question.

In a suit for copyright infringement and unfair competition, between citizens of the same state, where the District Court finds a valid copyright, but no infringement thereof, does the Federal Court have jurisdiction to try a claim that these same non-infringing acts constitute unfair competition?

Discussion.

The problem presented by the foregoing question has arisen most frequently in connection with patent and trademark cases, rather than copyright, and the discussion in this brief will approach the problem from a consideration of these cases.

It may be assumed from the outset that this exact question presented has not been passed upon by this Court and this Court is now called upon to define and reconcile the *apparent* conflict between the constitutional and statutory limitations upon the jurisdiction of the Federal Courts and the doctrine of *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175 (1909).

It may further be assumed that it is the law of this Court that where a suit is begun in the Federal Courts for infringement of trade-mark (or patent) coupled with a claim of unfair competition, and there is in fact no valid trade-mark, the Court has no jurisdiction to hear a claim of unfair competition in the absence of diversity of citizenship.

Elgin National Watch, etc., v. *Illinois Watch, etc.*, 179 U. S. 665 (1901);
Leschen, etc., v. *Broderick*, 201 U. S. 166 (1906).

See also *Schiebel, etc.*, v. *Clark*, 217 Fed. 760, 774 (1914), C. C. A.

It would also appear to be the law, although not expressly declared by this Court, that where a suit is begun for infringement of trade-mark (or patent) coupled with a claim of unfair competition, and the trade-mark (or patent) is found to be *valid and infringed*, the Court may hear the claim of unfair competition even despite the absence of diversity of citizenship provided such unfair competition is established by the same proof as the infringement cause.

The situation now before this Court lies between the two situations stated above. In the case at bar there is a valid trade-mark (copyright); but it is not infringed. There is no diversity of citizenship.

The federal controversy having been resolved by the determination that there has been no infringement of rights created, granted or protected by federal law, does the Federal Court retain jurisdiction to try a purely local question between citizens of the same state?

Appellants answer: Yes.

Appellees answer: No.

In this discussion we shall not dwell upon the cases, too well known to this Court, concerning the limited jurisdiction of the Federal Courts.

The source of power of the Federal Courts is Article III, Section 2 of the Constitution of the United States, and that section confers no power to try controversies between citizens of the same state which do not arise out of or under the Constitution or Laws of the United States.

The claim of unfair competition does not arise under the Constitution or Laws of the United States.

Appellants nevertheless insist that such issue be determined in the Federal Court. It, therefore, becomes imperative for the appellants to establish affirmatively some exceptional basis upon which jurisdiction may be predicated in the face of the general limitation.

If they fail to establish such exception, then it is submitted to this Court that the limitation upon the jurisdiction of the Federal Court must control and the decree below affirmed.

The Appellants' Contention.

The appellants rest their appeal upon the line of cases following *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175, and upon *Moore* v. *N. Y. Cotton Exchange*, 270 U. S. 593 (1926).

Summarized briefly, it is as follows:

(1) There is no controlling authority requiring a dismissal of the claim of unfair competition where the copyright (patent, trade-mark) has been found in fact valid and subsisting though not infringed.

(2) The cases of *Elgin Watch Co., supra,* and *Leschen, etc.,* v. *Broderick, supra,* are cases where the trade-mark was invalid and, therefore, there was no foundation for *any* federal jurisdiction.

(3) In the case at bar, however, a valid, federal copyright exists and a substantial *bona fide* controversy having

been tried involving copyright, the Court may also try the claim of unfair competition raised by the pleadings, where injury is claimed by reason of the same facts, even though the infringement claim was denied.

Moore v. *N. Y. Cotton Exchange,* 270 U. S. 593 (1926);

Siler v. *Louisville & Nashville R. R. Co.,* 213 U. S. 175 (1909);

Vogue Co. v. *Vogue Hat Co.,* 12 Fed. (2d) 991 (1926).

Appellees' Position.

It is the position of the appellees that the appellants offer no reason or basis for their last assertion.

The contention—there *was* a *bona fide,* substantial federal controversy in this case, therefore, the Court may hear other non-federal related claims—is a *non sequitur.*

The appellants fail to establish any logical basis for avoiding the categorical and imperative limitation of federal jurisdiction.

1. The cases which they cite are not in point.

2. On the other hand, the finding of lack of infringement definitely terminates the federal controversy and logically terminates all right in the Federal Court to sit in judgment.

The Appellees' Points.

1. The Federal Court was without jurisdiction to try the claim of unfair competition.

(a) Where the jurisdiction of the Federal Courts is invoked by a claim of injury to a right granted under the copyright, trade-mark or patent laws, jurisdiction ceases if it is found that no federal right has been injured, despite the existence of a valid copyright, trade-mark or patent.

(b) The right to retain jurisdiction of a claim of unfair competition in some cases where the trademark or patent is infringed does not arise where there is no infringement.

(c) In principle a decree finding no *infringement* brings the case under the rule of the *Elgin* case, *supra*, and the *Leschen* case, *supra*.

2. The authorities cited by appellants do not support them.

3. Finally—The question of jurisdiction of the Court is not raised by this case because

1. The pleadings and the decision below fail to disclose any issue of unfair competition (*Mosler Safe Co.* v. *Ely-Norris Safe Co.*, 273 U. S. 132 [1927]).

2. The pleadings and the decision below show a claim of use of ideas as unfair competition.

3. It is impossible to determine from the pleadings whether the claim of unfair competition relates to appellants' copyrighted or uncopyrighted work.

POINT I.

In a copyright infringement suit between citizens of the same State where complainant's work is copyrighted but not infringed, the Federal Court is without jurisdiction to try an issue of unfair competition between the parties.

Burt v. *Smith*, 71 Fed. 161 (1895, C. C. A. 2nd);
Illinois W. C. Co. v. *Elgin, etc.*, 94 Fed. 667 (1899, C. C. A. 7th);
Elgin National, etc. v. *Illinois W. C. Co.*, 179 U. S. 665 (1901);
Leschen, etc., Rope Co. v. *Broderick, etc.*, 201 U. S. 166 (1906);

Cushman v. *Atlantis, etc.*, 164 Fed. 94 (1908, C. C. Mass.);
Ross v. *Geer*, 188 Fed. 731 (1911, C. C. N. Y.);
Sprigg v. *Fisher*, 222 Fed. 964 (1915, D. C. Md.);
Plantes v. *Gedney*, 224 Fed. 382 (1915, C. C. A. 2nd);
U. S. Expansion Bolt v. *Kroncke, etc.*, 234 Fed. 868 (1916, C. C. A. 7th);
Burns v. *Automatic Recording, etc.*, 241 Fed. 472 (1916, C. C. A. 7th);
Detroit Show Case v. *Kawneer*, 250 Fed. 234 (1918, C. C. A. 6th);
Payton v. *Ideal Jewelry*, 7 Fed. (2d) 113 (1925, C. C. A. 1st);
Levering v. *Morrin*, 61 Fed. (2d) 115 (1932, C. C. A. 2nd).

(*a*) In the cases cited above there are none *in this Court* in which it was found that there was a valid trade-mark, patent or copyright, but that there was no infringement. Cases presenting such state of facts are found, however, in the District Courts, and in the Circuit Court of Appeals in the First, Second and Seventh Circuits, and even in the Sixth Circuit, and it is submitted that the opinions of the Circuit Courts of Appeals of these circuits in such cases should carry weight with this Court and be highly persuasive.

It is further submitted that the reasoning of the Courts in those cases is unassailable.

In *Sprigg* v. *Fisher*, 222 Fed. 964 (1915), Judge Rose, in the District Court of Maryland, considered the question now before this Court on a motion to dismiss. The complainant had a valid trade-mark, but inspection of the pleadings and papers showed on their face that the mark used by the defendant did not infringe the plaintiff's trade-mark.

The plaintiff urged upon the District Court the same contention now made by the complainant in this principal case, to wit: a charge of infringement was made in good faith and

was a claim over which the Federal Court had jurisdiction, therefore it should adjudicate the claim of unfair competition.

This contention, Judge Rose declared, rested on a confusion between the general power of a court of equity to decide all aspects of a controversy properly before it, and the limitations on federal jurisdiction under the Constitution and laws of the United States.

> "But a federal court cannot decide a controversy to which the judicial power of the United States does not extend merely because the plaintiff has mistakenly assumed that some federal right has been infringed."

In *U. S. Expansion Bolt Co.* v. *Kroncke, supra,* Judge Mack, speaking for the Circuit Court of Appeals of the Seventh Circuit, held that there could be no jurisdiction over a claim of unfair competition in a patent case where the patent was held valid but not infringed.

In the Sixth Circuit, in the case of *Detroit Show Case* v. *Kawneer, etc., supra,* the Court said that where a patent is held invalid there is no jurisdiction over unfair competition. The same result should follow where the patent is *held valid* but not infringed, because jurisdiction is retained only on the theory that such unfair competition is in aggravation and an inseparable part of the infringement and "recovery by way of aggravation of damages otherwise non-existent would seem anomalous."

(*b*) The foregoing leads directly to a consideration of those cases in which the Federal Courts have retained jurisdiction of the unfair competition claim in trade-mark and patent cases. In those cases the Courts not only found a valid patent or trade-mark but found it infringed. The question of retaining jurisdiction over the claim of unfair competition even in such cases gave the Courts concern and in those cases where it was taken it will be found that the infringement and the unfair competition consisted of practically the identical acts established by the identical proof, *e. g.*, in *Ludwigs* v. *Payson*, 206 Fed. 60 (1913, C. C. A. 7th), where the defend-

ant infringed complainants' patent by making moulds of the complainants' locks so that the infringing articles were a replica of complainants' product.

See also:

Adams v. *Folger*, 120 Fed. 260 (1903, C. C. A. 7th);
Woods v. *Valley*, 166 Fed. 770 (1909, C. C. Pa.);
K. W. Ignition Co. v. *Temco, etc.*, 243 Fed. 588 (1917, C. C. A. 6th);
Payton v. *Ideal, etc.*, 7 Fed. (2d) 113 (1925, C. C. A. 1st).

Clearly, complainant does not come within the rule of the foregoing cases, where the retention of the claim of unfair competition is based not only on the existence of infringement, but infringement of such character as to necessarily make it substantially identical with the proof of unfair competition.

(c) *In principle, a decree which finds no infringement is within the rule of the Elgin Watch case and the Læschen case and the Federal Court is without jurisdiction to consider the claim of unfair competition.*

This Court has ruled, in the *Elgin* and in the *Læschen* cases, that the Federal Court is without jurisdiction to hear and try the claim of unfair competition.

Appellants seek to distinguish these cases from the case at bar, on the ground that in the *Elgin* and in the *Læschen* cases the trade-mark was held to be *invalid*. Therefore, there was no basis for federal jurisdiction. In the principal case, however, the appellants assert there is a valid copyright and, therefore, federal jurisdiction may be retained. The distinction, however, between the *Elgin* and the *Læschen* cases and the case at bar is more apparent than real.

As pointed out above, it was the opinion of Judge Rose in *Sprigg* v. *Fisher*, *supra*, that a finding of no infringement eliminated all basis for federal jurisdiction over the claim of unfair competition. It was not the mere existence of a federal right which gave the Court jurisdiction over local

questions. If a federal right was not breached or violated, so that the Court was not authorized to grant relief, there was no basis for jurisdiction over local controversies. In other words, it was not the mere existence of a federal controversy, but the right to relief in such controversy which was essential to the incidental jurisdiction over the local controversy.

This was apparently also the opinion of Judge Knappen in *Detroit* v. *Kawneer, supra* (at p. 240). This expression of opinion by Judge Knappen is of particular interest, since the case was decided in the Circuit Court of Appeals for the Sixth District, the same circuit in which the *Vogue* case was decided, referred to below, and Judge Denison was one of the Judges of the Court.

Judge Knappen declared that, in his opinion, a situation where the patent was held invalid, and a situation where it was held valid but not infringed, were the equivalent of each other, and in each case the Court was without jurisdiction to hear the claim of unfair competition. In other words, in his opinion, also, the test of jurisdiction over a local question was not that a federal controversy was involved, but that right to federal relief had been established.

In the *Elgin* case and in the *Leschen* case, which the appellants seek to distinguish from their own, the complainant had complied with all the statutory formalities necessary to procure a registered trade-mark and secure the protection of the federal law. That is all the appellants mean when they say that they have a *valid copyright.*

In this respect the two cases heretofore decided in this Court, namely, the *Elgin* case and the *Leschen* case, are identical with the case at bar. The appellants, however, seek to attach some mysterious merit to the existence of a *valid copyright*, as distinguished from the determination of the *Leschen* and *Elgin* cases that the trade-mark was invalid. Such an assertion, however, is in conflict with the claim of the appellants that the existence of a valid federal controversy gives the Federal Court the right to determine local questions arising out of the same state of facts, even though the federal controversy be decided adversely to the complainants.

In *Standard Paint Co.* v. *Trinidad Asphalt Co.*, 220 U. S. 446 (1911), this Court declared that where infringement of a registered trade-mark under federal law was charged, this was sufficient to constitute a controversy over which the Supreme Court of the United States had jurisdiction to review; even though it was found that the trade-mark was invalid, the finding of invalidity was not a declaration of the non-existence of a federal right but a decree on the merits.

In *Moore* v. *New York Cotton Exchange*, *supra* (p. 608), this Court said:

> "Jurisdiction is the power to decide a justiciable controversy. * * * A complaint setting forth a substantial claim under a Federal statute presents a case within the jurisdiction of the court as a Federal court; and this jurisdiction cannot be made to stand or fall upon the way the court may chance to decide an issue * * *" (quoting from *Binderup* v. *Pathe Exchange*, 263 U. S. 291).

These cases therefore declare that the registration under federal statute establishes the federal jurisdiction. The decision as to the invalidity of trade-mark is not a decision on jurisdiction but on the merits.

If the appellants' contention here is correct, then the federal jurisdiction was established, and this Court was in error in refusing jurisdiction of unfair competition in the *Elgin* and *Leschen* cases.

If the *Standard Paint* and the *Binderup* cases are correct, then the determination of invalidity in the *Elgin* and *Leschen* cases did not affect the jurisdiction.

The true conclusion from the *Elgin* and *Leschen* cases is that mere conformity with the statute is not sufficient to give a party standing in the Federal Court. He must actually be aggrieved in his rights arising out of such statute; if, as a matter of fact, in an adjudication on the merits, it is found that he is not aggrieved in any rights derived from such statute, then all basis for federal jurisdiction ends. There is

no controversy arising under the Constitution or laws of the United States, and all other issues in the case must be dismissed for lack of jurisdiction.

In principle, the decree of non-infringement in a copyright suit is equivalent to a finding that a trade-mark lacks the qualities necessary to permit its appropriation as a mark, or that a patent does not express invention.

Under the rule of the *Elgin Watch* case and the *Leschen* case it must be held that the Court is without jurisdiction to entertain the claim of unfair competition and the decree below should be affirmed.

POINT II.

The authorities relied on by appellants do not support their position.

Appellants rely on two authorities to support their position before this Court:

1. *Siler* v. *Louisville, etc.*, 213 U. S. 175 (1909), and a line of cases following it;
2. *Moore* v. *N. Y. Cotton Exchange*, 270 U. S. 593 (1926).

The *Siler* case is clearly no authority in the situation in which the appellant now seeks to apply its language.

We need not point out that the language of that case, sought to be invoked here as the guiding principle, is *dictum*, nor need we rest merely upon the distinction that the case is one involving a question of constitutionality, and, therefore, fundamentally *sui generis*.

In the *Siler* case there was only one ultimate question to be determined, namely, the validity or invalidity of the rates imposed. This question depended on a number of subsidiary questions, local and State, before the federal constitutional question was reached. The determination of the State ques-

tion disposed of the entire case and made it unnecessary to decide the larger issues.

In the case at bar, neither copyright infringement nor unfair competition are preliminary to each other; the decision of either one does not decide the other claim. This is established by the existence of this very appeal and establishes *ipso facto* the distinction between this case and the *Siler* decision.

The language of the *Siler* case must be limited to its facts and not to a case involving various independent claims, some of which arise under federal statutes and some of which are purely local.

> *U. S. Expansion Bolt Co.* v. *Kroncke, supra;*
> *Sprigg* v. *Fisher, supra;*
> *Mecky* v. *Grabowski,* 177 Fed. 591 (1910).

Appellant relies to a considerable extent upon the *Moore* case. The argument is substantially as follows: In the *Moore* case the Court adjudicated a counterclaim between citizens of the same State which did not arise under the United States Constitution or its statutes. If the Federal Court has power to hear a counterclaim solely by reason of the jurisdiction of the case acquired by matters alleged in the complaint, it must have the same power to entertain claims arising out of the same subject-matter when comprising a part of the plaintiff's claim.

It is submitted that there are several answers to this. *In the first place:* On the facts, a situation created by a rule dealing with counterclaims cannot be extended to other situations. *Two:* In the *Moore* case, this Court pointed out that the allegations of the complaint and of the counterclaim were but obverse sides of the same shield. Adjudication of the *claim* necessarily determined the *counterclaim, i. e.,* if the proof established that the plaintiff was not entitled to obtain the quotations, it must necessarily have established the defendant's right to enjoin the appropriation.

In this respect, the case may be assimilated to the rule in *Ludwigs* v. *Peyson, supra,* and cases cited in this brief (p.

7), where it was held that the Court would decide a local question proven by the same evidence required to establish the federal claim.

In the third place: Despite appellant's assertion to the contrary, the claim presented by him is an independent claim coming within the second branch of Equity Rule 30, as to which federal jurisdiction independent of the original bill must appear.

The *Moore* case is a case of the application of Equity Rule 30 to a particular counterclaim. It should be limited strictly to its facts, and under any view of the case appellant does not come within its scope.

Vogue v. *Vogue Hat Co.*, 12 Fed. (2d) 991 (1926).

The only case which *ostensibly* gives the appellant any direct support is the *Vogue* case. This support is given not by decision but by the gratuitous discussion and dictum of Judge Denison. In this discussion Judge Denison is in conflict with the decision in *Detroit* v. *Kawneer, supra,* in his own circuit, in which case he sat.

Furthermore, the reasoning of the learned Judge in that case cannot be sustained, since the entire discussion is premised upon the proposition that the claims of infringement and of unfair competition are single and are merely "two alternative or combined theories for supporting this single demand for relief."

It is submitted that this proposition is entirely erroneous. A claim of infringement is based solely upon the marks or patents themselves and their similarity. Intent and actual deception are immaterial in infringement claims. Fraud upon the public and deception are of the essence of unfair competition, and intent is probably also such essential element.

The two claims are not identical; the relief sought is not single; the determination of one question does not effectively dispose of the entire controversy.

Stark v. *Stark*, 289 U. S. 50;
Cushman v. *Atlantis, etc.*, 164 Fed. 94.

POINT III.

The question of the jurisdiction of the Federal Court is moot and irrelevant because it is not raised by the record.

It is the appellee's contention under this point:

1. That the pleadings fail to disclose a case of unfair competition separate and apart from the claim of plagiarism (*Mosler Safe Co.* v. *Ely-Norris Safe Co.*, 273 U. S. 132 [1927]).

2. The claim of copyright infringement is equivalent to the claim of unfair competition and the decree below disposed of the question.

3. It is impossible to determine from the pleadings whether the claim of unfair competition relates to appellants' copyrighted or uncopyrighted work.

1. In the discussion of this point it becomes necessary to scrutinize the record in some detail and particularly the complaint. The original complaint on its face apparently seeks to allege merely a claim of copyright infringement (R. 2 ff.). The appellants allege their copyright and exclusive rights in the play "The Evil Hour" (R. 2, 3). Beginning with paragraph Seventh, appellants allege that the defendants have copied and appropriated

> "the complainants' original and unique underlying idea * * * and the expression of same" (R. 4).

The complainants further allege (par. Eighth) that the defendants Oursler and Brentano have falsely represented themselves to be the authors of "The Spider," the infringing play.

"*The use of the conception,*" to wit, a spiritualistic seance with the audience taking part, were added to "The Spider" after knowledge of complainants' play and is extensively advertised (par. Tenth, R. 5). (Italics ours.)

The defendants' conduct has used up the market for original features and novel and basic ideas and conception of the complainants, as well as incidents, scenes, etc., and has prevented future exploitation (par. Fourteenth, R. 6).

On the opening day of the trial the complainants were allowed to amend the complaint (R. 2, No. 5, and R. 15).

The substance of these amendments was to allege a new revised version of complainant's work, unpublished and uncopyrighted. The amendment further altered paragraph Fifteenth of the complaint to read as follows (R. 16):

> "FIFTEENTH: That the wrongful acts of the said defendants as hereinabove set forth are wrongful and continuing, and have all taken place in the City of New York and within the jurisdiction of the Southern District Court of New York and are in violation of the rights of the complainants herein at common law and in equity, *and constitute unfair business practices and unfair competition against the complainants herein*, as well as of the copyright laws of the United States. * * *." (Italics indicate amendment.)

After a trial Judge Mack found that the defendants' play "did not infringe in any way upon the plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play 'The Evil Hour' in contravention of the Copyright Law of the United States" (Finding 9, R. 19), and that Oursler and Brentano are the authors of "The Spider."

The effect of these findings and the decree is to hold that Fulton and Brentano did not *falsely* represent themselves to be the authors of "The Spider," and that such representation was truthful. It has the further effect of declaring that defendants' play did not appropriate or copy the form of expression of any part of complainants' play.

The question arises: What is the unfair competition alleged in the complaint? There is no complaint that the defendants are palming off the complainants' work on the public as their own (*International News Service* v. *Assoc. Press*, 248 U. S. 215). The decree effectively disposes of that

contention. The defendants are presenting to the public what is their own. There is, of course, no claim that they are palming off their own play as the work of the complainants. There is no claim that anyone is deceived.

All that is left of the complaint is the assertion that the defendants are using the "*conception*" of a spiritualistic seance with the audience taking part for the purpose of detecting a murderer; but, by virtue of the decree, if the defendants are doing this, it is done in such way as to result in a new, different and entirely separate literary work. This work is the sole and exclusive property of the defendants, and they are selling it as such. There is no allegation that plaintiffs were induced to disclose their conception by any unfair means.

These facts come squarely within the doctrine of *Mosler Safe Co.* v. *Ely-Norris Safe Co., supra.*

There is no unfair competition in such a situation. The language of Justice Brandeis in *International News Service* v. *Associated Press*, 248 U. S. 215, 257, expresses the controlling rule.

> "To appropriate and use for profit, knowledge and ideas produced by other men, without making compensation or even acknowledgment, may be inconsistent with a finer sense of propriety; but, with the exceptions indicated above, the law has heretofore sanctioned the practice. Thus it was held that one may ordinarily make and sell anything in any form, may copy with exactness that which another has produced, or may otherwise use his ideas without his consent and without the payment of compensation, and yet not inflict a legal injury; and that ordinarly one is at perfect liberty to find out, if he can by lawful means, trade secrets of another, however valuable, and then use the knowledge so acquired gainfully, although it cost the original owner much in effort and in money to collect or produce" (Brandeis, J., in *International News Service* v. *Associated Press*, 248 U. S. 215, 257, and cases cited).

The petitioners' claim of unfair competition without plagiarism, *as alleged in the pleadings before the Court,*

amounts to an assertion that it is unfair to appropriate or utilize the ideas or conceptions of others even though such ideas are expressed in such new and original form as to constitute an independent literary work. *No court* has yet established such monopoly in ideas and no case cited by the appellant so holds.

The petitioners' claim of unfair competition without plagiarism is equivalent to an assertion of the right to monopolize an idea or a "conception." This Court has not recognized such right.

2. If there is any element of unfair competition in this case, it has been disposed of by the decree below. A claim of copyright infringement is a claim of unfair competition, and this claim has been decided and is no longer in the case.

Judge Hough pointed out, in *Dymow* v. *Bolton*, 11 Fed. (2d) 690, that there was no statutory definition of plagiarism or copyright infringement. The test which he laid down is:

> "Copying which is infringement must be something 'which ordinary observation would cause to be recognized as having been taken from' the work of another."

Such a test is, however, substantially the test of palming off, it is the test of unfair competition, and illustrates the basic truth that patent infringement, trade-mark infringement and copyright infringement are but specialized aspects of the broad principles of unfair competition. Therefore, any question of unfair competition by reason of the acts alleged in the complaint, i. e., appropriation of complainant's ideas, material, etc., have all been tried and disposed of.

The difficulty in the present case arises from the fact that the complainants have alleged unfair competition purely as their own conclusion of law, and *it is not until the complaint is analyzed is it demonstrable that the claim is not for unfair competition but for the use of a concept or idea of a seance.*

3. It is not possible to determine from the pleadings whether complainants' claim of unfair competition relates to the appellants' copyrighted play or their uncopyrighted play.

The appellants have endeavored at all times to stress the claim that the unfair competition and the alleged copyright infringement arise out of the same transactions and relate to the same subject-matter. It is apparently clear in the appellants' mind that the Federal Court would have no jurisdiction if the alleged unfair competition related to different subject-matter, to wit, the uncopyrighted play. Even the doctrine of the *Siler* case and the *Moore* case would not extend so far.

The effect of the amendments on pages 15 and 16 of the record however make it quite impossible to tell whether unfair business practices and unfair competition, asserted in paragraph Fifteenth as amended, arise out of the use of the copyrighted manuscript or the uncopyrighted manuscript. The Court below, therefore, very properly could not take cognizance of a claim so completely foreign to all federal jurisdiction.

CONCLUSION.

(1) Jurisdiction in the Federal Court in controversies between citizens of the same state is limited to claims arising under the Constitution and Statutes of the United States.

(2) The power of the Federal Court in some cases to determine a local question exists only where a federal wrong has been committed and where the right to *judicial* relief under the Constitution and the Laws of the United States has first been established, and where the local claim is established by substantially identical proof required to establish the federal claim.

(3) Even though a claim is made in good faith in the Federal Court under the Constitution and the Laws of the United States if, as a fact, it is determined that no federal right is breached or violated, and no basis for relief by the Federal Courts is found, the Court may not adjudicate local questions independent of the federal question, even though allied or related.

(4) The jurisdiction to determine local questions must depend upon the right to judicial relief in the Federal Court and does not depend merely upon the existence of a *bona fide* federal controversy.

(5) *In the case at bar, the decree below established that there was no infringement of copyright, and the basis of federal jurisdiction, therefore, disappeared from the case.*

The Court was without power to hear an independent claim, between citizens of the same state, not arising under the laws of the United States.

The decree below should be affirmed.

Respectfully submitted,

O'BRIEN, DRISCOLL & RAFTERY,
Attorneys for Appellees Albert Lewis and Sam H. Harris.

BENJAMIN PEPPER,
of Counsel.

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IN THE

Supreme Court of the United States

October Term, 1932

No. 565

PHILIP HURN and PERCY MORGAN, JR.
Petitioners (Appellants)

v.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS
Respondents

PETITION OF THE APPELLANTS FOR A REHEARING

JOSEPH LORENZ
Counsel for Petitioners

IN THE

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PHILIP HURN and PERCY MORGAN, JR.,
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FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Respondents.

PETITION FOR REHEARING

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioners, Philip Hurn and Percy Morgan, Jr., the appellants in the above entitled cause, decided on April 17, 1933, the opinion in which is reported in 53 U. S. Supreme Court Reporter, 586, respectfully present this, their petition for a rehearing therein, and in support thereof respectfully show:

Preliminary Statement

Reconsideration of no question of law is asked. The petition is based upon petitioners' belief that the Supreme Court misconceived the intent and effect of a finding of fact by the trial Court. The opinion of the Supreme Court is divided into two parts, one, which deals with the copyrighted version of the plaintiffs' play, and the other with the subsequent uncopyrighted version. No request is made for reconsideration of the Court's decision with respect to the uncopyrighted version of complainants' play.

With respect to the copyrighted version, the Supreme Court's opinion recognizes the jurisdiction of the Federal Court to consider the complainants' claim for unfair competition. It decides, however, that the trial Court's finding that "no version of the defendants' play 'The Spider' infringed in any way either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play, in contravention of the Copyright Law of the United States," was conclusive, *upon the merits,* against complainants' contention of unfair competition. It reaches this conclusion notwithstanding that the trial Court had not passed or purported to pass upon the question of whether or not the facts adduced constituted unfair competition. It is believed that this conclusion of the Supreme Court was based upon a misconception of the meaning of the finding made by the trial Court and it is solely in this belief that this application for a rehearing is made.

Petitioners' contentions are as follows:

(1) The trial Court's finding of fact should be construed as being limited to the sufficiency of the facts as warranting a conclusion that the evidence adduced was insufficient to establish copyright infringement.

(2) In view of the exclusion by the trial Court of evidence bearing on unfair competition, its finding could not be determinative of the facts bearing on that issue.

(3) Since the Supreme Court's decision rests on a misconception of the scope of the trial Court's finding, the petition for rehearing should be granted.

POINT I

The trial Court's finding of fact should be construed as being limited to the sufficiency of the facts as warranting a conclusion that the evidence adduced was insufficient to establish copyright infringement.

The finding of the lower Court here involved is as follows:

> "No version of the defendants' play 'The Spider' infringed in any way either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play, **in contravention of the Copyright Law of the United States"** (R. 19).

It is most important to note that the Supreme Court, in quoting this finding, omitted the words, vital from our point of view, *"in contravention of the Copyright Law of*

the United States'' (53 U. S. Supreme Court Reporter 590). It is this omission which in our opinion led to the misconception of the intent and scope of the finding. The whole intent thereof was to make clear that the actions of the defendants *in no way* constituted a violation of the Copyright Law of the United States. The finding, submitted by the complainants themselves, was designedly made as broad as possible from this point of view, in order to indicate complainants' intention to eliminate clearly all question of substantive Copyright Law from the subsequent proceedings. As no appeal was intended to be taken from the trial Court's decision on the copyright question, it made no difference how sweeping and comprehensive the finding was in this connection. It expressed unequivocally the idea that there was no *such* appropriation by the defendants of the plaintiffs' copyrighted play as to constitute in any way an infringement *violative of the Copyright Law.* The meaning of the finding is merely, as the Supreme Court itself summarized it early in the opinion (53 U. S. Supreme Court Reporter 587), that "The Spider" did not infringe *in any way* "The Evil Hour," in contravention of the Copyright Law of the United States. If the finding had been expressed merely in those words, it can hardly be contended that it constituted any adjudication with respect to the facts in so far as they might constitute or be claimed to constitute unfair competition. The finding itself merely particularized this generality in order to make unequivocal the conclusion, from which the plaintiffs intended to take no appeal, that the proof *from no aspect* established a *copyright infringement.*

The Supreme Court's interpretation of the finding seems to us to be equivalent to the following:

> (a) "That no version of the defendants' play 'The Spider' infringed in any way, either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play"; and
>
> (b) *Therefore,* the defendants' acts constituted *no* violation of the Copyright Laws of the United States.

If the statement (a) had been found in the unqualified form above set forth, we would readily admit its application to the unfair competition aspect of the case. Such, however, was not the trial Court's determination. The words "in contravention of the Copyright Laws of the United States," are in no way a separate coordinate finding, but are used in deliberate limitation of the immediately preceding clause. If it had been intended to express a conjunctive or coordinate idea as distinct from one of limitation and explanation, a word of negation would have been used, as in (b) above, to convey the meaning that the play complained of was *not* in contravention of the Copyright Laws of the United States. The fact that the phrase "in contravention of the Copyright Laws of the United States" is expressed affirmatively, and not in terms of negation, is conclusive that it is used as a clause of limitation and explanation. Otherwise, its use would be logically meaningless. The use of the comma before the words, "in contravention" was merely to break a long sentence. It does not affect the meaning.

A further significant fact is that the finding states that "*no version of the defendants' play* 'The Spider' infringed in any way * * * the plaintiffs' copyrighted play in contravention * * *" etc. It does not say that the defendants' *acts* did not infringe or violate the plaintiffs' rights. This distinction is of importance. The trial Court purported to pass upon the question of whether *one play* infringed another. The theory of the claim based on unfair competition is that *certain acts* of the defendants violated the plaintiffs' rights. It is not our purpose to be technical or academic, or to deny that a claim of copyright infringement might have been expressed in terms of *acts* rather than infringement of one play by another, but in construing the scope and meaning of the trial Court's finding, it is submitted that the words chosen are strongly indicative of the actual matter decided.

POINT II

In view of the exclusion by the trial Court of evidence bearing on unfair competition, its finding could not be determinative of the facts bearing on that issue.

To our mind, conclusive proof that the trial Court did not and *could* not make a finding except from the viewpoint of copyright infringement appears in the preliminary clause in the "Findings of Fact and Conclusions of Law," immediately preceding the actual Findings of Fact. The trial Court used this language:

> "* * * and the court, **having excluded from evidence any proof in support of the allegations of paragraph Fifteenth** of the complaint as amended, in so far as said allegations are based upon claims other than a claim of violation of the Copyright Law of the United States * * *" (R. 17).

The assignment of errors also discloses that said evidence was excluded. Both the 1st and 2nd paragraphs of the assignment show that exclusion in so far as it related to unfair competition (R. p. 22).

The allegations with respect to which the proof was so excluded related to the unfair competition aspect of the case. Accordingly, the finding could not have comprehended that angle of the case, because the Court *expressly excluded evidence* bearing on that issue. Judge MACK, sitting in the Second Circuit as a District Judge, although he was a member of the Court in the Sixth Circuit which decided *Vogue Co.* v. *Vogue Hat Co.*, 12 Fed. (2d) 991, properly felt himself bound by the rule of the Circuit Court of Appeals in the circuit in which he was then acting as a trial Judge. Accordingly, he considered that he must exclude testimony relating to unfair competition (having no express bearing on the copyright infringement aspect) unless he should decide the copyright infringement claim in favor of the plaintiffs. Having excluded, as his decision shows, testimony with respect to unfair competition, necessarily his finding could not be determinative with respect to unfair competition, and was not intended so to be. He therefore purposely settled the record against the opposition of the respondents (R. 25) without including any testimony.

Although as the Supreme Court points out in its opinion, both aspects of the case arose out of the same trans-

action, and formed one cause of action, as said term is defined by the Court, nevertheless as the Court likewise demonstrates, the existence of two claims as parts of one cause of action does not require an absolute identity of facts. The trial Court, as it specifically stated, excluded and did not consider those aspects of the facts which bore solely on unfair competition.

POINT III

Since the Supreme Court's decision rests on a misconception of the scope of the trial Court's finding, the petition for rehearing should be granted.

A careful examination of the Supreme Court's opinion indicates that the decision rests upon its construction of the trial Court's finding. The Supreme Court does not hold that in every case a finding that particular facts do not constitute copyright infringement necessarily involves the conclusion that the same circumstances cannot constitute unfair competition or unfair business practices warranting relief in equity; nor does it hold that the complaint fails to state a cause of action for relief against unfair competition or unfair practices. If the Court had wished to make either of such determinations, it would certainly have so stated. It has never been decided, so far as we have been able to discover, that the elements necessary to constitute a copyright infringement are identical with those required to establish unfair competition, or that a decision that no copyright infringement exists is tantamount to a further adjudication that no unfair competition is proved. There is no more basis for any

such contention than one that if particular facts are insufficient to establish trademark or patent infringement they are *per se* insufficient to prove unfair competition. For example, even if the use made by defendants of elements of complainants' play did not constitute that degree of meticulous copying necessary to establish copyright infringement, nevertheless, the *unfairness* under all the circumstances of the use to which it was subjected, might well constitute ground for relief in equity. Whether the particular situation warranted such relief, was, of course, not decided by the trial Court. (See Complainants' Reply Brief in Support of Petition for Writ of Certiorari, pp. 5-10.)

The effect of this Court's decision is to render an adjudication upon the facts, contrary to that which the trial Court intended, or, in view of its exclusion of evidence, could have made, and without even the record of the proof actually admitted in evidence, before it. It results in denying to the complainants even the right to raise the question of unfair competition in the State Court, by reason of the facts becoming *res adjudicata,* notwithstanding that no court has ever passed upon the full facts upon which the complainants' claim in this connection is founded.

For the foregoing reasons, it is respectfully urged that this petition for a rehearing be granted, and that the decree of the Circuit Court of Appeals for the Second Circuit be, upon further consideration, reversed.

Respectfully submitted,

JOSEPH LORENZ,
Counsel for Petitioners.

I, JOSEPH LORENZ, counsel for the above named petitioners, Philip Hurn and Percy Morgan, Jr., do hereby certify that the foregoing petition for a rehearing of this cause is presented in good faith and not for delay.

JOSEPH LORENZ,
Counsel for Petitioners.

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SUPREME COURT OF THE UNITED STATES.

No. 565.—October Term, 1932.

Philip Hurn and Percy Morgan, Jr., Petitioners, *vs.* Fulton Oursler, Lowell Brentano, Albert Lewis and Sam H. Harris.	On Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit.

[April 17, 1933.]

Mr. Justice Sutherland delivered the opinion of the Court.

Petitioners brought this suit to enjoin respondents from publicly producing, presenting or performing a play called "The Spider," on the ground that it infringed a copyrighted play of petitioners, called "The Evil Hour." There was also a prayer for damages and an accounting. The bill, as amended, alleged that "The Evil Hour" had been composed by petitioners and duly copyrighted under the laws of the United States; that the play thereafter was revised, but the revision was uncopyrighted; that the play, both in its copyrighted and its revised uncopyrighted form, was submitted to certain of the respondents, who considered and discussed its production; that the feature of the play consisted in the representation of a spiritualistic seance on the stage, with the audience taking part therein; that respondents were the owners of "The Spider," also copyrighted, but as originally produced containing no representation of a spiritualistic seance of any kind; that respondents, instead of producing petitioners' play, altered their own by incorporating therein the idea of a spiritualistic seance on the stage, and also certain incidental "business and effects" and certain portions of "The Evil Hour"; that their action in that respect was a violation of the copyright laws of the United States and also constituted "unfair business practices and unfair competition against the [petitioners]." The parties are citizens of the same state.

The trial court, considering the claim of infringement on the merits, found that "The Spider" did not infringe in any way "The Evil Hour," in contravention of the copyright law of the

United States, and concluded that in view thereof, the court was without jurisdiction to entertain the allegations in so far as they were based upon claims other than for a violation of the copyright law. A decree followed dismissing the bill. The circuit court of appeals affirmed upon the authority of cases cited. 61 F. (2d) 1031.

It is apparent from the language of the trial court that the claim of unfair competition in respect of the copyrighted play, as well as in respect of the uncopyrighted version, was rejected not on the merits but for lack of jurisdiction. In that view the decree of the court was assailed and defended here.

One. We consider the question first from the standpoint of the copyrighted play. While, as presently will appear, the claim of unfair competition is without merit and the dismissal must stand in any event, it is important that if the determination of the court was put upon the wrong ground we should so declare, that it may not be followed as a precedent.

The unfair competition in respect of the copyrighted play, according to the allegations, results from the same acts which constitute the infringement and is inseparable therefrom. The court below proceeded upon the theory that the allegations of the bill in respect of infringement presented a substantial federal question. Certainly, the question is not plainly unsubstantial; and the jurisdiction of the federal court was rightly upheld. Disposal of the infringement, therefore, on the merits was proper; and the precise question for determination is whether the claim of unfair competition was properly dismissed for lack of jurisdiction, or, likewise, should have been considered and disposed of on the merits.

A multitude of cases in the lower federal courts have dealt with the question in its various phases and have reached different conclusions. The opinions present a great variety of views and of differences. We shall not undertake to review these cases. A few out of many are mentioned in the footnote* as illustrative of the

*Some cases seem to hold that however intimately the claims of unfair competition and infringement are related, the federal court is without power to consider the former. Planten v. Gedney, 224 Fed. 382, 386; Recamier Mfg. Co. v. Harriet Hubbard Ayer, Inc., 59 F. (2d) 802, 806. This is what is sometimes spoken of as the "second circuit rule," and has been followed in a large number of cases. Other cases have denied jurisdiction on the ground that the two claims constitute separate causes of action, although in some the separateness does not clearly appear. United States E. Bolt Co. v. H. G. Kroncke Hardware Co., 234 Fed. 868, 872-875. Compare Moore v. N. Y. Cot-

confusion and as indicating the importance of attempting to formulate some rule on the subject. And to that end we first direct attention to certain decisions of this court which seem most nearly in point.

In *Stark Bros. Co.* v. *Stark*, 255 U. S. 50, suit was brought for infringement of a trademark and unfair competition. The circuit court of appeals limited damages to the date when notice was given of the registered mark, and refused to allow damages for earlier injuries. This court pointed out that the suit was for infringement of a *registered* trademark, not simply of a trademark, and that this was the scope of the federal jurisdiction. Agreeing with the lower court that the cause of action for the earlier damages lay outside the federal jurisdiction, this court assumed, though without deciding, that plaintiff "could recover for unfair competition that was inseparable from the statutory wrong, but it could not reach back and recover for earlier injuries to rights derived from a different source."

In that view, so far as the unfair competition alleged was thus inseparable from the statutory wrong, it would seem that a failure to establish the infringement would not have deprived the federal court of jurisdiction of the claim of unfair competition, but would have left that matter to be disposed of upon the merits. And that is the effect of the decision of this court in *Moore* v. *N. Y. Cotton Exchange*, 270 U. S. 593, 607-610. In that case federal jurisdiction was invoked under the federal anti-trust laws. The answer set up a counterclaim non-federal in character, but arising out of the

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ton Exchange, 270 U. S. 593, 607, *et seq.*, Dickinson Tire & Machine Co. *v.* Dickinson, 29 F. (2d) 493. In Onondaga Indian Wigwam Co. *v.* Ka-Noo-No Indian Mfg. Co., 182 Fed. 832, the rule of the *Siler* case, *infra*, was definitely applied to a case where the acts of defendant were alleged as constituting an infringement of a patent and also unfair competition. Some courts have taken jurisdiction of unfair competition in infringement suits as an element constituting "aggravation of damages." Ludwigs *v.* Payson Mfg. Co., 206 Fed. 60, 65; W. F. Burns Co. *v.* Automatic Recording Safe Co., 241 Fed. 472, 486; Payton *v.* Ideal Jewelry Mfg. Co., 7 F. (2d) 113. Relief has been denied for unfair competition where the patent or trademark has been held valid but not infringed—Sprigg *v.* Fisher, 222 Fed. 964; Detroit Showcase Co. *v.* Kawneer Mfg. Co., 250 Fed. 234, 240; Taylor *v.* Bostick, 299 Fed. 232 —, while the contrary is stated with much force in Vogue Co. *v.* Vogue Hat Co., 12 F. (2d) 991, 992-995. One case, at least, seems to consider the question of retention of jurisdiction a matter of discretion. Mallinson *v.* Ryan, 242 Fed. 951, 953.

same transaction. This court held that although the allegations of the bill were insufficient to make a case under the federal law, they were not plainly unsubstantial so as to deprive the federal court of jurisdiction, and sustained a dismissal of the bill on the merits and not for the want of jurisdiction. Nevertheless, we held, under Equity Rule 30, that the counterclaim was so much a part of the case sought to be stated in the bill that the dismissal of the latter on the merits did not deprive the court of jurisdiction to dispose of the former on the merits. We think the question there and the one here, in principle, cannot be distinguished. That a statement of the particular counterclaim there was required by the rule is not material, since the federal jurisdiction can neither be extended nor abridged by a rule of court.

As early as *Osborn* v. *U. S. Bank*, 9 Wheat. 738, 823, Chief Justice Marshall, speaking for the court, said:

"We think, then, that when a question to which the judicial power of the Union is extended by the constitution, forms an ingredient of the original cause, it is in the power of Congress to give the Circuit Courts jurisdiction of that cause, although other questions of fact or of law may be involved in it."

In *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175, 191, the bill sought to enjoin the enforcement of an order made by the railroad commission of Kentucky fixing intrastate rates of transportation upon the railroad of the company. The validity of the order was assailed on the ground that the Kentucky statute under which the commission assumed to act was violative of the federal Constitution in several particulars, and upon the further ground that such order was unauthorized by the state statute. This court held that the circuit court, having acquired jurisdiction by reason of the federal questions involved, "had the right to decide all the questions in the case, even though it decided the Federal questions adversely to the party raising them, or even if it omitted to decide them at all, but decided the case on local or state questions only."

Lincoln Gas Co. v. *Lincoln*, 250 U. S. 256, involved, among other things, the validity of an ordinance assessing an annual occupation tax upon gas companies in the city. The ordinance was attacked on the ground that it violated the due process and equal protection clauses of the Fourteenth Amendment, and also upon grounds of state law. The federal district court held that the ordinance violated the constitution of Nebraska, and upon that ground granted a permanent injunction against its enforcement.

This court, in disposing of the appeal, said (p. 264): " . . . if the bill presented a substantial controversy under the Constitution of the United States, and the requisite amount was involved, the jurisdiction extended to the determination of all questions, including questions of state law, and irrespective of the disposition made of the federal questions."

These decisions are illustrative of many cases where the rule has been stated and restated in substantially the same way. See *Louis. & Nash. R. R. Co.* v. *Garrett,* 231 U. S. 298, 303; *Ohio Tax Cases,* 232 U. S. 576, 586-587; *Greene* v. *Louis. & Interurban R. R. Co.,* 244 U. S. 499, 508; *Louis. & Nash. R. R. Co.* v. *Greene,* 244 U. S. 522, 527; *Davis* v. *Wallace,* 257 U. S. 478, 482; *Sterling* v. *Constantin,* 287 U. S. 378, 393-394.

Leschen Rope Co. v. *Broderick,* 201 U. S. 166, is said to establish a different doctrine. In that case the plaintiff alleged that it owned a duly registered trademark which had been infringed by defendant. Upon demurrer the bill was dismissed on the ground that it disclosed that the trademark was not a lawful and valid trademark. This court sustained the dismissal for want of jurisdiction, holding that the jurisdiction of the federal court depended entirely upon whether the registered trademark was valid. Having held that the lower court was without jurisdiction because of the invalidity of the trademark, the court further said that jurisdiction of the case could not then be assumed as one wherein the defendant had made use of the device for the purpose of defrauding the plaintiff and palming off its goods as those of plaintiff's manufacture.

Whether the court was right or wrong in denying jurisdiction to consider the claim of infringement, the ground of the decision seems to be that such denial necessarily carried with it, also for lack of jurisdiction, any claim of unfair competition dependent upon the same facts. That is to say, if the court had no jurisdiction of the former claim, it followed that it had no jurisdiction of the latter. Whether the federal question averred by the bill was plainly unsubstantial was not considered. The court summarily disposed of the matter (p. 172) in a single sentence: "Our jurisdiction depends solely upon the question whether plaintiff has a registered trade-mark valid under the act of Congress, and, for the reasons above given, we think it has not." This is a broad statement, which, taken literally, applies whether the invalidity of the registry so appears on the face of the bill as to render the

federal question plainly unsubstantial, or, the bill being sufficient to meet this test, such invalidity is otherwise disclosed.

Elgin Nat'l Watch Co. v. *Illinois Watch Co.*, 179 U. S. 665, 677, goes no further than to recognize the same doctrine, the court simply saying: "Was it a lawfully registered trade mark? If the absolute right to the word as a trade mark belonged to appellant, then the Circuit Court had jurisdiction under the statute to award relief for infringement; but if it were not a lawfully registered trade mark, then the Circuit Court of Appeals correctly held that jurisdiction could not be maintained."

We shall not attempt to harmonize the two cases last cited with the *Siler* and the other cases following it. It is not easy to do so unless on the ground that cases involving patents, trademarks, and copyrights constitute an exception to the general rule stated in the *Siler* and other like cases. And accepting the view that this is the effect of the *Leschen Rope* and the *Elgin Watch* cases, *supra*, we are of opinion that such a distinction is altogether unsound. The *Siler* and like cases announce the rule broadly, without qualification; and we perceive no sufficient reason for the exception suggested. It is stated in these decisions as a rule of general application, and we hold it to be such—as controlling in patent, trademark, and copyright cases as it was in the cases where it is announced.

But the rule does not go so far as to permit a federal court to assume jurisdiction of a separate and distinct non-federal cause of action because it is joined in the same complaint with a federal cause of action. The distinction to be observed is between a case where two distinct grounds in support of a single cause of action are alleged, one only of which presents a federal question, and a case where two separate and distinct causes of action are alleged, one only of which is federal in character. In the former, where the federal question averred is not plainly wanting in substance, the federal court, even though the federal ground be not established, may nevertheless retain and dispose of the case upon the non-federal *ground;* in the latter it may not do so upon the non-federal *cause of action.*

The case at bar falls within the first category. The bill alleges the violation of a single right, namely, the right to protection of the copyrighted play. And it is this violation which constitutes the cause of action. Indeed, the claims of infringement and unfair

competition so precisely rest upon identical facts as to be little more than the equivalent of different epithets to characterize the same group of circumstances. The primary relief sought is an injunction to put an end to an essentially single wrong, however differently characterized, not to enjoin distinct wrongs constituting the basis for independent causes of action. The applicable rule is stated, and authorities cited, in *Baltimore S. S. Co.* v. *Phillips*, 274 U. S. 316. "A cause of action does not consist of facts," this court there said (p. 321), "but of the unlawful violation of a right which the facts show. The number and variety of the facts alleged do not establish more than one cause of action so long as their result, whether they be considered severally or in combination, is the violation of but one right by a single legal wrong. . . . 'The facts are merely the means, and not the end. They do not constitute the cause of action, but they show its existence by making the wrong appear.'"

Thus tested, the claims of infringement and of unfair competition averred in the present bill of complaint are not separate causes of action, but different grounds asserted in support of the same cause of action.

We do not mean by what has just been said to lay down a hard and fast test by which to determine in all situations what constitutes a cause of action. "A 'cause of action' may mean one thing for one purpose and something different for another," *United States* v. *Memphis Oil Co.*, — U. S. —, decided January 9, 1933; but for the purpose of determining the bounds between state and federal jurisdiction, the meaning should be kept within the limits indicated. Compare *B. & O. S. W. R. Co.* v. *Carroll*, 280 U. S. 491, 494-495, and cases cited.

It is entirely plain that the holding of the trial court disposing of the claim of infringement on the merits also disposed of the claim of unfair competition in respect of the copyrighted play, since both depended upon the same allegations of wrongful appropriation of certain parts of, and conceptions embodied in, petitioners' play. The finding of the court is comprehensive—"That no version of the defendants' play 'The Spider' infringed in any way, either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play." This finding—not challenged here—contains every essential element necessary to justify the conclusion that there was

likewise no unfair competition in respect of the copyrighted play, since it negatives the allegations of the bill made for the purpose of establishing by the same facts an infringement of the copyrighted play and unfair competition in relation thereto. Upon this finding the court was right in dismissing the bill in so far as it set up a claim of unfair business practices and unfair competition; but was wrong in dismissing it for the want of jurisdiction. It should have been dismissed, as was the infringement claim, upon the merits. Since a decree to that effect must follow, upon this record, as a matter of course, no further proceedings in the district court are necessary. Accordingly the decree will be modified in the respect suggested, and as so modified, will be affirmed.

Two. During the pendency of the suit petitioners amended their bill so as to make its allegations apply to the uncopyrighted version of their play, namely, that the wrongful acts of respondents were in violation of the rights of petitioners and constituted unfair business practices and unfair competition with respect to that version as well as to the original. Since that claim did not rest upon any federal ground and was wholly independent of the claim of copyright infringement, the district court was clearly right in dismissing it for want of jurisdiction. The bill as amended, although badly drawn, sets forth facts alleged to be in violation of two distinct rights, namely, the right to the protection of the copyrighted play, and the right to the protection of the uncopyrighted play. From these averments two separate and distinct causes of action resulted, one arising under a law of the United States, and the other arising under general law. For reasons that have already been made manifest, the latter is entirely outside the federal jurisdiction and subject to dismissal at any stage of the case. It is hardly necessary to say that a federal court is without the judicial power to entertain a cause of action not within its jurisdiction, merely because that cause of action has mistakenly been joined in the complaint with another which is within its jurisdiction.

Decree modified in accordance with the foregoing opinion, and as modified, affirmed.

Mr. Justice BRANDEIS and Mr. Justice STONE think the decree should be affirmed without modification.